

# WATER INFRASTRUCTURE FINANCE AUTHORITY OF ARIZONA

**WEDNESDAY, APRIL 19, 2023**  
**Federal Programs Committee Meeting**  
**2:30 PM**

**100 N. 7<sup>th</sup> Avenue, Suite 100**  
**Camelback Conference Room**  
**Phoenix, AZ 85007**

**Public Zoom Meeting:**  
**Committee Members please join using the Panelist Invitation Link**

**Join on your computer or mobile:**  
<https://azcommerce.zoom.us/j/96831375345>  
Meeting ID: 968 3137 5345

**Join By Phone:**  
+1 669 444 9171  
Meeting ID: 968 3137 5345

## **FINAL AGENDA**

### **Call Meeting to Order**

1. Karen Peters, WIFA's Federal Program Committee Chairperson, will call the Federal Programs Committee Meeting to order with a call for quorum and provide an introduction.
2. Recordings of the Federal Programs Committee public meeting held on February 15, 2023, are available here <https://www.azwifa.gov/news/public-meetings> As such, written meeting minutes will not be provided and Board approval is not necessary for the public portion of the past Board meeting.

### **Consent Agenda**

*The following items are noticed as consent agenda items to expedite action on routine matters which may not require public discussion. The Board will be asked to adopt Project Priority Lists for the Clean Water State Revolving Fund and Drinking Water State Revolving Fund. Any matter on the Consent Agenda will be removed from the Consent Agenda and discussed as a regular agenda item upon the request of any Board member.*

3. ***Recommend Adoption of the:***
  - a. CWSRF Financial Assistance Project Priority List Funding Cycle 2023
  - b. DWSRF Financial Assistance Project Priority List Funding Cycle 2023

#### *WIFA's Mission*

*To ensure the sustainability of Arizona's present and future water supply through financial investments in effective augmentation, conservation, reuse, and water quality actions.*

#### *WIFA's Vision*

*Wisely guide the use of WIFA resources to foster economic prosperity and quality of life for all of Arizona*

## Update, Discussion or Presentation

4. **Reports:** Director's Report – *Chuck Podolak will lead the discussion*
5. **Discussion:** Modification to Procedure III.20.1 Additional Subsidy and III.20.2 Disadvantaged System Compliance Loans to allow for 100% Forgivable Principal Clean Water SRF Loans – *Lindsey Jones will lead the discussion*

## New Agenda Items for Consideration and Action

6. **Review, Discuss & Possible Action:** Recommend Approval of Loan Resolution 2023-044 and Due Diligence Summary DW 020-2023 – Global Water-Rincon Water Company, Inc.– DWSRF –\$2,358,450– *Scott Connelly will lead the discussion*
7. **Review, Discuss & Possible Action:** Recommend Approval of Loan Resolution 2023-045 and Due Diligence Summary CW 027-2023 – City of Casa Grande – CWSRF –\$8,103,235– *Scott Connelly will lead the discussion*
8. **Review, Discuss & Possible Action:** Recommend Approval of Loan Resolution 2023-046 and Due Diligence Summary DW 016-2023 – Town of Cave Creek – DWSRF –\$13,190,000– *Scott Connelly will lead the discussion*
9. **Review, Discuss & Possible Action:** Recommend Approval of Loan Resolution Addendum A2023-047 – Town of Camp Verde – CWSRF – Request to extend loan resolution date – *Scott Connelly will lead the discussion*
10. **Review, Discuss & Possible Action:** Recommend Approval of Loan Resolution Addendum A2023-048 – Pomerene Domestic Water Improvement District – DWSRF – Request for change of scope – *Scott Connelly will lead the discussion*

## Call to the Public

11. **Call to the Public:** This is the time for the public to comment. Members of the Committee may not discuss items that are not specifically identified on the agenda. Pursuant to A.R.S. § 38-431.01(H), action taken as a result of public comment will be limited to directing staff to study the matter, responding to any criticism or scheduling the matter for further consideration and decision at a later date. Members of the public wishing to address the Committee must fill out and submit a request on the provided form that is available at sign in for the meeting. Comments will be limited to three minutes.

## Meeting Conclusion & Adjournment of Public Meeting

12. **New Business/Issues:**
  - Next Federal Programs Committee Meeting Date: Wednesday June 21, 2023, in Phoenix, Arizona 85007 – *Karen Peters, WIFA's Federal Program Committee Chairperson, will lead the discussion*
13. **Adjournment**

### WIFA's Mission

*To ensure the sustainability of Arizona's present and future water supply through financial investments in effective augmentation, conservation, reuse, and water quality actions.*

### WIFA's Vision

*Wisely guide the use of WIFA resources to foster economic prosperity and quality of life for all of Arizona*

## Notes on Proceedings

The Committee reserves the right to change the order of items on the agenda. The Committee may vote to go into executive session, which will not be open to the public, for any item listed on the agenda, for the purpose of obtaining legal advice pursuant to A.R.S. § 38-431.03(A)(3). The executive session is not open to the public and all legal action will take place in a meeting that is open to the public.

**All matters on the agenda may be discussed, considered and are subject to action by the Committee. The Committee reserves the right to table any item on the agenda.**

WIFA is committed to complying with the Americans with Disabilities Act. Persons with a disability may request a reasonable accommodation, such as a sign language interpreter, by contacting WIFA at (602) 364-1310. Requests should be made as early as possible to allow time to arrange the accommodation.

The agenda for the meeting is subject to change up to 24 hours before the meeting. Background material provided to the Committee that is not otherwise exempt by law from public inspection is available for inspection upon request. At its discretion, the Authority may consider and act upon any agenda item out of order. One or more Committee members may participate via teleconference.

### *WIFA's Mission*

*To ensure the sustainability of Arizona's present and future water supply through financial investments in effective augmentation, conservation, reuse, and water quality actions.*

### *WIFA's Vision*

*Wisely guide the use of WIFA resources to foster economic prosperity and quality of life for all of Arizona*

**AGENDA ITEM:**

Karen Peters, WIFA's Federal Program Committee Chairperson, will call the Federal Programs Committee Meeting to order with a call for quorum

**ACTION REQUIRED:**

Roll call for Quorum

**PREVIOUS ACTION:**

None

**STAFF CONTACT:**

Yolanda Mendoza

**ATTACHMENTS:**

None

**STAFF COMMENTS**

None

**AGENDA ITEM:**

Adopt Recordings of the Federal Programs Committee public meeting held on February 15, 2023, are available here <https://www.azwifa.gov/news/public-meetings>. As such, written meeting minutes will not be provided, and committee approval is not necessary for the public portion of the past Federal Programs Committee Meeting.

**ACTION REQUIRED:**

Review & Adopt

**PREVIOUS ACTION:**

Recorded Committee Meeting Minutes of February 15, 2023

**STAFF CONTACT:**

Yolanda Mendoza

**ATTACHMENTS:**

None

**STAFF COMMENTS**

None

**AGENDA ITEM:**

Recommend Adoption of the CWRP Financial Assistance Project Priority List Funding Cycle 2023

**ACTION REQUIRED:**

Review & Recommend Adoption

**PREVIOUS ACTIONS:**

✓ Federal Programs Committee Meeting of February 15, 2023

**STAFF CONTACT:**

Lindsey Jones

**ATTACHMENTS:**

- Arizona's Clean Water Revolving Fund 2023 Funding Cycle – Project Priority List
- Arizona's Clean Water Revolving Fund 2023 Funding Cycle – Fundable Range

**STAFF COMMENTS:**

Add:

- City of San Luis, Arizona (CW 028 2023)

Fundable Range:

- City of Casa Grande (CW 003-2023)
- City of Casa Grande (CW 027-2023)

Changes:

- Pinewood Sanitary District (DW 020 2023) – Project cost increased
- City of Casa Grande (CW 027-2023) - Project cost decreased
- Stringfield Ranch Domestic Water Improvement District (024-2023) – Project cost decreased

**Arizona's Clean Water Revolving Fund**

Project Priority List 2023 Funding Cycle

April 2023

PPL Rank	Applicant	Population	County	Project Name	Description	Project Number	Amount Requested / Probable Green Amount	Subsidy
1	<sup>1,3,4</sup> City of Eloy	11,000	Pinal	WWTP Rehab and Solar Project	This project will replace two old blowers with energy efficient "turbo" blowers, replace leaking blower piping with new piping, replace damaged conduit and wires with new electrical, replace the old aeration basin control panel with a new control panel, connect the existing dissolved oxygen sensor to the new aeration basin control panel, and install a 197 kW-dc photovoltaic system at the WWTP.	005 2023	\$2,898,370.00 / \$1,300,000.00	75%
2	<sup>1,2</sup> City of San Luis, Arizona	35,257	Yuma	West Wastewater Treatment Plant Expansion	The City is looking to expand the wastewater treatment plant (West). The expansion of the west wastewater treatment plan will allow the increase capacity of current needs for the community.	028 2023	\$13,300,000.00	80%
3	<sup>1,3,4</sup> Town of Miami	2,533	Gila	Town of Miami WWTP Energy Savings Improvement Project	This project will include installing a screening machine at the lift station, replacing two blowers with energy efficient turbo blowers, replacing WWTP diffusers in the anoxic zone, the aeration basin, and the aerobic digester, installing a dissolved oxygen sensor in the aeration basin, installing a SCADA system, and installing solar PV at the lift station and WWTP.	002 2023	\$2,668,085.00 / \$1,259,433.00	70%

PPL Rank	Applicant	Population	County	Project Name	Description	Project Number	Amount Requested / Probable Green Amount	Subsidy
4	Pinewood Sanitary District	3,500	Coconino	Pinewood Sanitary District Treatment Plant and Collections System Upgrades	This project includes Pinewood Sanitary District expanding its capacity for proper treatment due to the increase in customers in the area, adding sewer to the West RV Park (adding over 300 hundred new customers), M/H replacement, mainline repair, and new Lake Odell Lift station.	020 2023	\$10,000,000.00	85%
5	<sup>1,4</sup> Tri-City Regional Sanitary District	4,014	Gila	Tri-City Regional District Sewer System Phase II	This project will fund Phase 2 of the of the design of the Tri-City Regional Sanitary District Sewer system. The project will include a backbone collection system, a conveyance connection to the backbone collection system, decommission onsite treatment systems, and an expansion of the Phase I Water Reclamation Facility.	025 2023	\$3,800,000.00	80%
6	<sup>1,4</sup> Tri-City Regional Sanitary District	4,014	Gila	Tri-City Regional District Sewer System Phase III	This project will fund Phase 3 of the of the design of the Tri-City Regional Sanitary District Sewer system. The project will include a backbone collection system, a conveyance connection to the backbone collection system, decommission onsite treatment systems, and an expansion of the Phase 2 Water Reclamation Facility.	026 2023	\$4,000,000.00	80%
7	<sup>1</sup> Bisbee, City of	5,308	Cochise	WWTP Upgrade to A+ Effluent	This project will install a filtration system at the WWTP to produce A+ effluent which will allow the city to discharge their effluent into the San Pedro River to replenish the aquifer.	019 2023	\$500,000.00	80%



PPL Rank	Applicant	Population	County	Project Name	Description	Project Number	Amount Requested / Probable Green Amount	Subsidy
8	<sup>1,3,4</sup> Superstition Mountains Community Facilities District No. 1	19,627	Pinal	Water Reclamation Facility Expansion	The District is seeking financial assistance to design 3.0 MGD of additional capacity at their water reclamation facility to serve the growth within the newly expanded areas in the City of Apache Junction.	001 2023	\$7,200,000.00 / \$7,200,000.00	80%
9	<sup>1,4</sup> Tucson Water	0	Pima	PFAS Removal	This project will construct a treatment system at the city's Sweetwater Recharge Facilities for PFAS and 1-4 dioxane removal in treated effluent the city stores or delivers to customers following disinfection. This project will reduce or eliminate the possibility of contaminating currently unaffected portions of the aquifer and provide safe drinking water to customers.	010 2023	\$74,000,000.00	85%
10	<sup>1,3</sup> Casa Grande, City of	53,658	Pinal	Wastewater Improvements	The City plans to add up to 1.2 million gallons per day (mgd) of effluent recharge basins and 5 mgd of aquifer injection wells to increase its recharge capacity of the Water Reclamation Facility to over 12 mgd.	003 2023	\$34,835,000.00 / \$34,835,000.00	85%
11	<sup>1,3</sup> Casa Grande, City of	53,658	Pinal	Wastewater Treatment Plant Solar Project	The City plans to install additional solar PV at their wastewater treatment plant.	027 2023	\$8,103,235.00 / \$8,103,235.00	85%
12	<sup>1,4</sup> Kearny, Town of	2,250	Pinal	WWTP Rehab	This project will rehabilitate several components of the WWTP to bring the facility back into compliance with the Arizona Department of Environmental Quality.	006 2023	\$2,000,000.00	85%

PPL Rank	Applicant	Population	County	Project Name	Description	Project Number	Amount Requested / Probable Green Amount	Subsidy
13	City of Globe	6,068	Gila	Wastewater Improvements	This project will connect current septic systems to the public sewer system. Engineering is needed to determine the condition and necessary improvements to the system, contain odors and improve safety at the lift station, to determine how to improve security systems, and to upgrade the headworks and clarifiers to improve performance and reliability.	009 2023	\$4,000,000.00	85%
14	<sup>3,4</sup> Surprise, City of	134,538	Maricopa	Special Planning Area 1 Water Reclamation Facility Plant Capacity Increase & Enhancements	The existing water reclamation facility is antiquated and unable to meet permit requirements. It has been determined that it is more environmentally friendly, cost effective and beneficial to plant operations to upgrade the existing 12.8 MGD components to achieve a functional capacity of 16.3 MGD.	008 2023	\$35,000,000.00 / \$24,000,000.00	85%
15	<sup>3</sup> City of Peoria	186,146	Maricopa	Reclaimed Water Transmission Main - Project 2	The City of Peoria intends to design and construct a new 24-inch reclaimed water transmission main that connects two of the wastewater reclamation facilities together. This will allow for additional recharge opportunities and maximizing the use of the effluent.	013 2023	\$7,026,700.00 / \$7,026,700.00	85%
16	<sup>3,4</sup> Town of Sahuarita, Arizona	43,568	Pima	Water Reclamation Facility Expansion	This project will design and construct 2.20 MGD of additional capacity at their water reclamation facility to serve the growth within the Designated Management Area (DMA).	021 2023	\$5,800,000.00 / \$5,800,000.00	85%

PPL Rank	Applicant	Population	County	Project Name	Description	Project Number	Amount Requested / Probable Green Amount	Subsidy
17	Flagstaff, City of	76,831	Coconino	North East Area Master Drainage Improvements	Projects mitigating flood in the East Flag drainage system include Appalachian Ave. Detention Basin, drainage improvements at Steves Avenue, Soliere, Fanning and Rte. 66, as identified in the North East Area Master Drainage Study.	011 2023	\$20,000,000.00	85%
18	Flagstaff, City of	76,831	Coconino	Spruce Wash Drainage Improvements	This project includes a series of capacity and mitigation improvements to Spruce Wash watershed to mitigate probable flood events during summer monsoon season.	012 2023	\$50,000,000.00	85%
19	<sup>1,4</sup> City of Bullhead City	38,000	Mohave	Wastewater Rehabilitation and Improvements Program	This project includes the expansion of a Water Reclamation Plant, design, and construction of new headworks, a Parshall flume, a reuse pump station, new blower buildings, and installing new blowers/controls and a backup generator. Additionally, the wastewater SCADA system will be upgraded, and three lift stations will be rehabilitated.	022 2023	\$6,595,000.00	80%
20	<sup>1</sup> Town of Chino Valley	6,750	Yavapai	WWTP Equalization Basin And Blowers Project	The Town plans to add an equalization basin and modify the blowers to regulate flows at the wastewater treatment plant which will create potential energy savings by allowing more waste to be treated in off peak hours.	007 2023	\$1,500,000.00	80%
21	<sup>1,4</sup> Fort Mojave Tribal Utilities Authority	3,000	Mohave	Headworks Rehab	The Utility will complete the construction and installation of a mechanical bar rake and odor control system as well as other structural improvements.	023 2023	\$800,000.00	80%

PPL Rank	Applicant	Population	County	Project Name	Description	Project Number	Amount Requested / Probable Green Amount	Subsidy
22	<sup>1</sup> Stringfield Ranch Domestic Water Improvement District	528	Yavapai	Stringfield Ranch DWID Onsite and Offsite Sewer Lines	This project will install sewage lines to connect a development to the City of Prescott's wastewater system. Prescott has agreed to accept and treat the sewage and treated effluent will be recharged into the aquifer for credits.	024 2023	\$4,500,000.00	85%
23	<sup>4</sup> Inscription Canyon Ranch Sanitary District	1,600	Yavapai	Wastewater Treatment Plant Expansion	The District plans to expand the current treatment plant to meet demand by adding capacity of approximately 70,000 gallons per day, in addition to adding sludge processing equipment.	004 2023	\$3,400,000.00	85%
24	Flagstaff, City of	76,831	Coconino	Design for new Water Reclamation Plant at Wildcat Hill Facility	The Wildcat Hill Water Reclamation Plant has reached its hydraulic and solids capacity and has no redundancy in case of failure. A second treatment train will manage capacity, update the plant to newer technology and provide needed redundancy to allow for plant repair shutdown within the system.	014 2023	\$30,000,000.00	85%
25	Flagstaff, City of	76,831	Coconino	Biosolids Solar Drying Facility at Wildcat Hill Water Reclamation Plant	The Wildcat Hill Water Reclamation Plant is an end-of-the line facility serving Flagstaff, Arizona. The facility currently has a dedicated land disposal area for solids, which is a finite resource. Solar drying beds would enable further processing of solids to create bio-char, a nutrient-rich substance used as top cover at landfills, or agricultural applications.	015 2023	\$7,000,000.00	85%

PPL Rank	Applicant	Population	County	Project Name	Description	Project Number	Amount Requested / Probable Green Amount	Subsidy
26	Flagstaff, City of	76,831	Coconino	Wildcat Hill Primary Effluent Pump Station & Headworks Replacements	The Wildcat Hill Effluent Pump Station was built was built in 1983. This project replaces the pump station entirely to manage flows that accommodate a series of needs. This also provides needed redundancy to allow for partial-system shutdown for repairs and maintenance.	016 2023	\$10,000,000.00	85%
27	Flagstaff, City of	76,831	Coconino	Wildcat Hill Water Reclamation Plant Electrical Upgrades	The equipment has reached the end of its useful life, and an entire replacement of the system is needed. Replacing the entire electrical system will allow for proper wiring and interface to accommodate new technologies in SCADA and automated operations.	017 2023	\$15,000,000.00	85%
28	<sup>1, 4</sup> Phoenix, City of	2,500,000	Maricopa	City of Phoenix Wastewater CIP Program	This program is for the rehabilitation and replacement of sewer lines with gravity sewer lines (small and large diameters). Rehabilitation includes point repair and Cured in Place Pipe lining (CIPP).	018 2023	\$10,170,000.00	95%

**Total:**

**\$379,052,390.00**

**Legend:**

<sup>1</sup> *Eligible for disadvantaged community designation*

<sup>2</sup> *New project on PPL*

<sup>3</sup> *Eligible for Green Project Reserve*

<sup>4</sup> *Board approved; subsidy locked in at time of board resolution*

**Arizona's Clean Water Revolving Fund**

2023 Funding Cycle - Fundable Range

April 2023

<b>Fundable Range Rank</b>	<b>PPL Rank</b>	<b>Applicant</b>	<b>Population</b>	<b>County</b>	<b>Project Name</b>	<b>Project Number</b>	<b>Amount Requested</b>	<b>Subsidy</b>
1	1	City of Eloy	11,000	Pinal	WWTP Rehab and Solar Project	005 2023	\$2,898,370.00	75%
2	3	Town of Miami	2,533	Gila	Town of Miami WWTP Energy Savings Improvement Project	002 2023	\$2,668,085.00	70%
3	4	Pinewood Sanitary District	3,500	Coconino	Pinewood Sanitary District Treatment Plant and Collections System Upgrades	020 2023	\$10,000,000.00	85%
4	5	Tri-City Regional Sanitary District	4,014	Gila	Tri-City Regional District Sewer System Phase II	025 2023	\$3,800,000.00	70%
5	6	Tri-City Regional Sanitary District	4,014	Gila	Tri-City Regional District Sewer System Phase III	026 2023	\$4,000,000.00	70%
6	8	Superstition Mountains Community Facilities District No. 1	19,627	Pinal	Water Reclamation Facility Expansion	001 2023	\$7,200,000.00	80%
7	9	Tucson Water	0	Pima	PFAS Removal	010 2023	\$74,000,000.00	85%
8	10	Casa Grande, City of	53,658	Pinal	Wastewater Improvements	003 2023	\$34,835,000.00	85%
9	11	Casa Grande, City of	53,658	Pinal	Wastewater Treatment Plant Solar Project	0027 203	\$8,103,235.00	85%
10	12	Kearny, Town of	2,250	Pinal	WWTP Rehab	006 2023	\$2,000,000.00	85%
11	14	Surprise, City of	134,538	Maricopa	Special Planning Area 1 Water Reclamation Facility Plant Capacity Increase & Enhancements	008 2023	\$35,000,000.00	85%
12	15	City of Peoria	186,146	Maricopa	Reclaimed Water Transmission Main - Project 2	013 2023	\$7,026,700.00	85%
13	16	Town of Sahuarita, Arizona	43,568	Pima	Water Reclamation Facility Expansion	021 2023	\$5,800,000.00	85%
14	19	City of Bullhead City	38,000	Mohave	Wastewater Rehabilitation and Improvements Program	022 2023	\$6,595,000.00	80%
15	21	Fort Mojave Tribal Utilities Authority	3,000	Mohave	Headworks Rehab	023 2023	\$800,000.00	80%

Fundable Range Rank	PPL Rank	Applicant	Population	County	Project Name	Project Number	Amount Requested	Subsidy
16	22	Stringfield Ranch Domestic Water Improvement District	528	Yavapai	Stringfield Ranch DWID Onsite and Offsite Sewer Lines	024 2023	\$4,500,000.00	85%
17	23	Inscription Canyon Ranch Sanitary District	1,600	Yavapai	Wastewater Treatment Plant Expansion	004 2023	\$3,400,000.00	85%
18	28	Phoenix, City of	2,500,000	Maricopa	City of Phoenix Wastewater CIP Program	018 2023	\$10,170,000.00	95%

Total:

\$222,796,390.00

**AGENDA ITEM:**

Recommend Adoption of the DWRF Financial Assistance Project Priority List Funding Cycle 2023

**ACTION REQUIRED:**

Review & Recommend Adoption

**PREVIOUS ACTIONS:**

✓ Federal Programs Committee Meeting of February 15, 2023

**STAFF CONTACT:**

Lindsey Jones

**ATTACHMENTS:**

- Arizona's Drinking Water Revolving Fund 2023 Funding Cycle – Project Priority List
- Arizona's Drinking Water Revolving Fund 2023 Funding Cycle – Fundable Range

**STAFF COMMENTS:**

Add:

- Sweet Springs Community mhp (CW 056 2023)
- Holliday Springs (CW 057 2023)
- Camp Verde (CW 58 2023)

Fundable Range:

- Sweet Springs Community mhp (CW 056 2023)
- Global Water - Rincon Water Company, Inc. (DW 020 2023)
- Town of Cave Creek (DW 016 2023)

Changes:

- Global Water - Rincon Water Company, Inc. (DW 020 2023) –Project cost increased
- Town of Cave Creek (DW 016 2023) – Project cost increased



**Arizona's Drinking Water Revolving Fund**

Project Priority List 2023 Funding Cycle

April 2023

PPL Rank	Applicant	Population	County	Project Name	Description	Project Number	Amount Requested / Probable Green Amount	Subsidy
1	<sup>1</sup> Sun Valley Farms Unit VI Water Company, Inc. AZ0411111	600	Pinal	Well Site Improvement and Capacity Upgrades (2)	The project will construct a second storage tank, install well casing liner, well discharge piping modifications, backup generator, SCADA monitoring system, gas chlorination conversion, a perimeter block wall, and rehab a chlorine storage building. The previous WIFA loan was for \$891,000 however, due to escalating material, equipment and construction costs, the company needs an additional \$1,052,700 to complete the project and additional items.	008 2023	\$1,052,700.00	75%
2	<sup>1</sup> Cienega Water Company INC	108	La Paz	Epcor Connection	This project will include installing a new main line from the Epcor system so Epcor can take over the supply of water for the Cienega Springs Company customers.	010 2023	\$400,000.00	80%
3	<sup>1,4</sup> Lagoon Estates Water Company, Inc.	1,440	Mohave	Arsenic Remedial - System Improvements	This project will include a 1.43-mile transmission line extension, including SCADA monitoring system, replacement of hydro-pneumatic tanks, purchase of a used service truck, replacement of 10 valves, and replacement of 24 water main saddles and service lines.	002 2023	\$1,375,900.00	80%

PPL Rank	Applicant	Population	County	Project Name	Description	Project Number	Amount Requested / Probable Green Amount	Subsidy
4	<sup>1,4</sup> Desert Gardens RV Resort Cooperative, Inc.	532	Pinal	System Power Deficiency	The water system has had equipment damage and failures resulting in water outages due to the numerous power deficiencies experienced from the local electric utility. This project includes the addition of a 30KW 440-volt propane backup power generation system including all switching, fuel tank, and wiring. The emergency generator and automatic transfer switch with the power monitoring system will reduce the potential of future damage and water outages.	033 2023	\$120,000.00	80%
5	<sup>1</sup> Graham County Electric Cooperative	312	Graham	Ash Creek Water Upgrade	This project will design and construct a new tank, two new wells and approximately 37,000 feet of new water line to bring the Ash Creek water system up to public drinking water standards.	044 2023	\$3,896,750.00	80%
6	<sup>1,2</sup> Town of Camp Verde	5,550	Yavapai	Arsenic Treatment for Water System	Arsenic levels are approaching or exceeding 10 PPM during the summer months or during higher well-pumping periods. Arsenic treatment is needed at Mongini Well sites and the Verde River Estates subdivision site.	058 2023	\$1,500,000.00	80%
7	<sup>1</sup> Sierrita Mountain Water Co-op	258	Pima	System Improvements	This project will consist of installing 2 desanders (one for each well), a security system, and replacing old piping, valves, and booster pumps with new pipes, valves and pumps.	054 2023	\$250,000.00	75%

PPL Rank	Applicant	Population	County	Project Name	Description	Project Number	Amount Requested / Probable Green Amount	Subsidy
8	<sup>1</sup> Kelvin Simmons Water Co-Op	50	Pinal	LSL Replacement	The water system being built in the 1900s coupled with lead concentrations in the water exceeding the action level (0.015mg/L) since September 2017, strongly suggests the use of lead service lines. This project will replace 100% of the water lines to provide safe water to customers.	038 2023	\$500,000.00	80%
9	<sup>1,4</sup> Sierra Vista Park, LLC, An Arizona Limited Liability Company	200	Pinal	Arsenic Treatment	Sierra Vista Park proposes to design and install arsenic treatment and rehabilitate a well to address arsenic and nitrate exceedances in the water supply.	003 2023	\$203,000.00	80%
10	<sup>1,4</sup> Marana, Town of	8,625	Pima	Picture Rocks and Twin Peaks Interconnect	This project will construct a new water main to connect the Twin Peaks/Hartman Vistas wells of the Hartman Vistas water system to the Continental Reserve wells of the Picture Rocks water system. This project will alleviate storage deficiencies in the Picture Rocks water system and will distribute PFAS and 1,4 Dioxane treated water to more customers in Marana.	014 2023	\$4,455,413.00	85%
11	<sup>1,3</sup> Cerbat Water Company	863	Mohave	Meter Install	This project will replace the manual read water meters with electronic reading meters to improve water usage calculations and operational efficiencies.	045 2023	\$145,557.00 / \$145,557.00	80%
12	<sup>1,4</sup> Dineh Utility	1,375	Apache	Booster System, Meters, Tank and Generator Upgrades	This project will include upgrading booster pump system, installing 221 water meters, tank inspections, sediment removal, and full cleaning. It will also include purchasing a generator.	007 2023	\$437,000.00	80%

PPL Rank	Applicant	Population	County	Project Name	Description	Project Number	Amount Requested / Probable Green Amount	Subsidy
13	<sup>1,3</sup> Yarnell Water Improvement Association, YWIA	700	Yavapai	YWIA System Improvements	YWIA will replace and upgrade the current VERTCH SCADA system, replace leaking and undersized pipes, and replace 19 blow off valves.	001 2023	\$250,000.00 / \$10,000.00	75%
14	<sup>1,3, 4</sup> Metropolitan Domestic Water Improvement District	46,977	Pima	Northwest Recharge, Recovery, and Delivery System Booster Station and Pipeline, Phases 1, 2 & 3	Under an IGA between the Town of Oro Valley, Town of Marana, and Metro DWID, Metro DWID will design and construct 9 miles of transmission main, a forebay reservoir, 4.75 miles of transmission main and a booster facility to recover, convey and store renewable water resources.	006 2023	\$14,198,283.00 / \$14,198,283.00	80%
15	<sup>1,3,4</sup> Metropolitan Domestic Water Improvement District	46,977	Pima	Ironwood Blend Well and Pipeline	Metro DWID plans to use their stored CAP water however, the recovered CAP water is high in total dissolved solids (TDS) and will require blending with groundwater. Construction will include well drilling followed by the well equipping, final site improvements, and pipeline connection to existing facilities.	019 2023	\$3,998,023.00 / \$3,998,023.00	80%
16	<sup>1</sup> Cayetano, Inc. dba Lakewood Water Company	807	Pima	Nitrate Mitigation	The water company relies on a single well that is high in nitrates. This project will drill a new well away from the nitrate contamination, connect the well to the existing system, increase storage to 100,000 gallons, install a two-pump booster station, build a tie-in transmission line, and upgrade the electrical system.	040 2023	\$650,000.00	80%

PPL Rank	Applicant	Population	County	Project Name	Description	Project Number	Amount Requested / Probable Green Amount	Subsidy
17	Global Water - Rincon Water Company, Inc.	171	Pima	Fluoride Removal	Global Water Rincon Water Company is under a consent order with the Pima County Department of Environmental Quality for fluoride concentrations above the MCL in the water supply. This project will construct a fluoride treatment system to decrease the fluoride concentrations below the MCL.	020 2023	\$1,500,000.00	85%
18	<sup>1</sup> Marana, Town of	7,560	Pima	Water Treatment Campus Loans Reimbursement	The Town is requesting reimbursement for the previously constructed Water Treatment Campuses to address PFOA's and 1,4 dioxane.	013 2023	\$16,000,000.00	85%
19	<sup>1,2</sup> Sweet Springs Community mhp	85	Cochise	Distribution System Upgrades	The water system is old and degrading. The project will replace distribution system pipes, a storage tank and a booster pump with new pipes, tank and pump.	056 2023	\$753,507.90	80%
20	<sup>1,3,4</sup> City of Eloy	8,859	Pinal	Well Rehab and Solar Project	The city of Eloy proposes to rehab their Well No. 5 and install kW-dc photovoltaic systems at their pump station and Well No. 3.	017 2023	\$1,056,752.00 / \$457,750.00	80%
21	<sup>1,4</sup> American Indian Christian Mission	53	Navajo	New Well Project	This project will include drilling a new well, adding remote monitoring, installing hour meters and motor savers at new and existing well, and installing waterline to connect the new well.	050 2023	\$250,000.00	75%
22	Mesa, City of	517,302	Maricopa	Lead Service Line Inventory	This project would fund activities related to a private service line identification project needed to comply with the Lead and Copper Rule Revisions.	046 2023	\$325,000.00	85%

PPL Rank	Applicant	Population	County	Project Name	Description	Project Number	Amount Requested / Probable Green Amount	Subsidy
23	<sup>1,4</sup> City of Bullhead City	6,351	Mohave	Bullhead City Water Infrastructure Project I (NWTLR)	This project includes drilling three new well, installing transmission lines, and adding a one-million-gallon reservoir.	009 2023	\$6,445,000.00	80%
24	<sup>1</sup> Bonita Creek Water Company	140	Gila	Waterline and Meter Upgrades	To address system deficiencies, Bonita Creek plans to replace around 5,000 feet of water line, replumb service connections, replace steel line from pump house to water tanks with 2-inch 80 PVC, replace water meters with smart low flow models, install an Emergency Transfer Switch, and install a new updated sand filter.	004 2023	\$247,970.00	80%
25	<sup>1</sup> Ash Fork Development Assoc. dba: Ash Fork Water Service	2,400	Yavapai	Ash Fork Water Service System Improvements	This project will address multiple issues within the system including spot blast and re-coat of 2-500,000 gallon steel Storage Tanks, installation of an Arsenic Treatment system at Ash Fork #1 groundwater well, installation of approximately 6,200' of water mains- Including survey, design, bidding, construction administration, permitting, and post construction tasks, and design and construction new Standpipe facility- Storage tank, pump system, dispensing system, site work including driveways.	021 2023	\$1,375,000.00	75%

PPL Rank	Applicant	Population	County	Project Name	Description	Project Number	Amount Requested / Probable Green Amount	Subsidy
26	<sup>1,4</sup> City of Prescott	60,804	Yavapai	Water Production and Intermediate Pump Station Completion	This project includes replacing the existing water booster facility in Chino Valley and building the new intermediate pump station and tanks located near the Prescott Airport. This project also consists of the design and replacement of the City of Prescott water booster facility (buildings, boosters, electrical, controls).	011 2023	\$34,000,000.00	80%
27	<sup>1,4</sup> Valley Pioneers Water Company, Inc.	5,598	Mohave	Water System Improvements	This project includes replacing a 6-inch transmission line with a 12-inch transmission line; replacing the booster station supporting that line; adding a 1,000,000-gal storage tank necessary to replace a failing tank and adding redundancy; and replacing meters and installing remote meter reading equipment.	043 2023	\$4,095,700.00	75%
28	<sup>1,4</sup> Black Canyon City WID	2,580	Yavapai	Big John Well No. 3	This project includes drilling a new well and upgrading existing piping and valves.	041 2023	\$416,300.00	75%
29	<sup>1, 2</sup> Porter Creek Domestic Water Improvement District	243	Navajo	Preliminary Engineering Report	The DWID needs to hire an engineer to complete a preliminary engineering report to determine costs and options to drill and install a new well and a back-up generator for the existing well site.	053 2023	\$50,000.00	80%
30	<sup>1</sup> WILD FLOWER WATER CO-OP	145	Pima	Distribution system upgrade	This project will replace aged and failing water lines and water meters with new water lines and radio read meters which will provide residents a more reliable water service.	035 2023	\$200,000.00	80%

PPL Rank	Applicant	Population	County	Project Name	Description	Project Number	Amount Requested / Probable Green Amount	Subsidy
31	<sup>1</sup> Payson, Town of	18,000	Gila	Lead Service Line Inventory	Payson intends to complete a lead service line inventory to comply with the new lead and copper rule revision.	034 2023	\$150,000.00	80%
32	<sup>1</sup> Humboldt Water Systems INC.	1,500	Yavapai	2022 Town Improvement Project	Humboldt Water systems will add a 100K gallon storage tank to be able to keep up with the current demand and be able to switch between tanks when repairs are needed. They will also refurbish the current 65k gallon storage tank, add a well to the system and install radio read meters.	039 2023	\$641,418.00	80%
33	<sup>1,2</sup> Holliday Development LLC	60	Yavapai	Whispering Winds	This project will install an arsenic treatment system.	057 2023	\$50,000.00	80%
34	<sup>1</sup> Mountain Glen Water Service, Inc.	1,053	Navajo	New Water Campus	The water system plans to construct a new water campus which includes purchasing land, drilling new well, constructing new storage and pressure tanks, and an inline booster station.	051 2023	\$1,113,600.00	80%
35	<sup>1</sup> Mescal Lakes Water Systems, Inc.	1,479	Cochise	System Upgrades	This project includes replacing all water meters and installing a new storage tank, a new booster station, SCADA monitoring, and distribution system upgrades.	052 2023	\$1,130,657.00	80%
36	<sup>4</sup> Pomerene Domestic Water Improvement District	1,900	Cochise	Waterline Replacement and Well Connection	This project will install new waterlines as replacement and connect a new well to the water system.	042 2023	\$800,000.00	85%
37	<sup>1,4</sup> Metropolitan Domestic Water Improvement District	767	Pima	E&T 22 Well Replacement	This project will drill and construct and new well to replace Metro DWID's antiquated and failing Well No. 22.	018 2023	\$1,755,975.00	80%



PPL Rank	Applicant	Population	County	Project Name	Description	Project Number	Amount Requested / Probable Green Amount	Subsidy
38	City of Peoria	179,002	Maricopa	Zone 6E Reservoir and Booster Pump Station	The City of Peoria intends to design and construct a new 2.5 million gallon reservoir and booster pump station facility that will treat water from the new wellfield, treat it, and distribute it to the water system.	023 2023	\$17,126,000.00	90%
39	<sup>4</sup> City of Peoria	179,002	Maricopa	CAP/LPP Intersection Wellfield	The City of Peoria intends to drill and equip five new groundwater wells and install all associated piping and appurtenances to bring the water back to a central treatment facility.	024 2023	\$35,075,000.00	90%
40	<sup>1,4</sup> Tucson Water	744,528	Pima	Implementation of the Lead and Copper Rule Revisions	The city of Tucson is seeking financial assistance to develop a lead service line (LSL) inventory of utility and customer service lines for their nine (9) public water systems. The LSL inventory will be used to develop a Lead Service Line Replacement Plan and will help execute aspects of EPA's Lead and Copper Rule.	025 2023	\$6,950,000.00	80%
41	<sup>1,4</sup> Tucson Water	675,686	Pima	Northwest Wellhead Treatment	This project includes the addition of treatment facilities to existing wells affected by PFAS and 1,4-dioxane. The project will allow the wells to be returned to service and eliminate additional conveyance of potable water from long distances.	032 2023	\$60,000,000.00	80%
42	<sup>1,4</sup> Douglas, City of	16,656	Cochise	Design and Construction of New Well #18	This project will drill and construct an additional well which will provide enough potable water to meet the city's existing demands.	012 2023	\$2,100,000.00	85%

PPL Rank	Applicant	Population	County	Project Name	Description	Project Number	Amount Requested / Probable Green Amount	Subsidy
43	<sup>1</sup> City of Prescott	60,804	Yavapai	Prescott Wells Remediation	The City of Prescott discovered the presence of PFAS chemicals in two of their water wells located near the airport and is seeking funding to remediate the wells.	048 2023	\$7,000,000.00	80%
44	<sup>1</sup> City of Prescott	60,804	Yavapai	Copper and Lead Inventory	This project would fund the lead service line inventory required by the EPA's lead and copper rule revision.	049 2023	\$500,000.00	80%
45	Town of Cave Creek	6,815	Maricopa	City of Phoenix Water Interconnection Project	Currently the Cave Creek water system is supplied by a single 12-mile pipeline from the CAP canal. This project would provide Cave Creek with redundancy in their system by constructing an interconnection to the City of Phoenix water system.	016 2023	\$13,190,000.00	85%
46	<sup>1</sup> Flagstaff, City of	76,000	Coconino	Lake Mary Water Treatment Plant Sedimentation Basin Rehabilitation Project	This project will rehabilitate the sedimentation basins which have been in continuous use since 1965, including the replacement of all valves, influent piping, equipment (sludge collectors and flocculators), and vertical structures (walls & supporting pedestals) within the basins. All concrete structures will either be demolished and replaced or repaired (recoated). In addition, a static chemical mixer will be added to the basins increasing chemical mixing and efficiency.	022 2023	\$6,000,000.00	85%
47	<sup>1</sup> Flagstaff, City of	76,000	Coconino	Rural Water Supply & Drought Resiliency Projects	The City will drill, equip, and connect City of Flagstaff Groundwater Recovery Well, obtain Red Gap Ranch Regional Pipeline Right-of-Way Licensing, complete NEPA, and Red Gap Ranch Well.	026 2023	\$20,000,000.00	85%

PPL Rank	Applicant	Population	County	Project Name	Description	Project Number	Amount Requested / Probable Green Amount	Subsidy
48	<sup>1</sup> Flagstaff, City of	76,960	Coconino	Lake Mary Raw Water Pipeline Replacement- Design and Construction	Surface water from Upper Lake Mary is supplied to the Lake Mary Water Treatment Plant through a 27-inch concrete wire wrap pipeline that was installed in 1964 and is no longer in production. Due to the age and installation of the pipeline, there have been ruptures or breaks on average every two years. Lining the 27-inch concrete pipeline would be the most cost-effective and feasible means of ensuring a reliable pipeline to deliver surface water.	027 2023	\$20,000,000.00	85%
49	<sup>1</sup> Flagstaff, City of	76,000	Coconino	Woody Mountain Wellfield Powerline Burial	Relocating the city-owned overhead powerlines to the six groundwater wells and the Woody Mtn. Booster Station would increase the resiliency and dependability of the wellfield and reduce the risk of wildfire caused by the powerlines to northern Arizona.	028 2023	\$4,000,000.00	85%
50	<sup>1</sup> Flagstaff, City of	76,000	Coconino	Inner Basin Raw Water Pipeline and North Reservoir Filtration Plant Assessment and	This project will address significant infiltration and leakage in the Inner Basin Pipeline and infrastructure rehabilitation at the North Reservoir Filtration Plant.	029 2023	\$4,000,000.00	85%
51	Page Utility Enterprises	8,676	Coconino	Water Treatment Plant Expansion Project	This project would increase the clear well pumping capacity, high service pumping capacity, and ultraviolet disinfection capacity to match the increased plant flow; and provide the electric power and controls needed for the additional equipment.	036 2023	\$5,935,000.00	90%

PPL Rank	Applicant	Population	County	Project Name	Description	Project Number	Amount Requested / Probable Green Amount	Subsidy
52	Page Utility Enterprises	8,676	Coconino	Raw Water Intake and Conveyance Pipeline	This project includes the design and construction of a new raw water intake structure located upstream of the Glen Canyon Dam on the east side of the dam, and a new 25,500 foot, 18-inch conveyance pipeline would be constructed to convey raw water from the intake pump station to the surface water treatment plant.	037 2023	\$38,432,000.00	90%
53	<sup>1,4</sup> Marana, Town of	12,569	Pima	Marana Park Reservoir	The project will address an existing water storage deficiency in the North Marana Service Area by installing a million gallon storage reservoir.	005 2023	\$1,000,000.00	90%
54	City of Scottsdale	241,361	Maricopa	Lead Service Line Inventory	The City of Scottsdale will perform a lead service line inventory for approximately 45,000 homes to comply with the Lead and Copper Rule Revisions.	015 2023	\$2,357,000.00	90%
55	<sup>4</sup> Town of Queen Creek	117,943	Maricopa	Cibola Water Rights Acquisition Project	This project would fund the purchase of 2,088 acre-feet of Colorado River surface water rights for the Town of Queen Creek from GSC Farms, LLC.	047 2023	\$27,000,000.00	90%
56	<sup>1,4</sup> Phoenix, City of	1,700,000	Maricopa	City of Phoenix Service Line Assessments and Replacements	The City of Phoenix intends to assess services and replace the service lines of concern as part of the LCRR, to address public health concerns and to prevent or stop water loss resulting from leaks.	030 2023	\$40,575,418.00	95%

PPL Rank	Applicant	Population	County	Project Name	Description	Project Number	Amount Requested / Probable Green Amount	Subsidy
57	<sup>1,4</sup> Phoenix, City of	1,700,000	Maricopa	City of Phoenix Water CIP Program	Phoenix has implemented a water main replacement (WMR) program which evaluates and replaces existing aging 4-inch to 16-inch pipelines. The primary goal of the WMR Program is to sustain or improve the current service level of no more than 14 water main breaks per 100 miles of water main.	031 2023	\$10,857,000.00	95%

**Total:**

**\$428,745,373.90**

**Legend:**

<sup>1</sup> *Eligible for disadvantaged community designation*

<sup>2</sup> *New project on PPL*

<sup>3</sup> *Eligible for Green Project Reserve*

<sup>4</sup> *Board approved; subsidy locked in at time of board resolution*

**Arizona's Drinking Water Revolving Fund**

2023 Funding Cycle - Fundable Range

April 2023

<b>Fundable Range Rank</b>	<b>PPL Rank</b>	<b>Applicant</b>	<b>Population</b>	<b>County</b>	<b>Project Name</b>	<b>Project Number</b>	<b>Amount Requested</b>	<b>Subsidy</b>
1	3	Lagoon Estates Water Company, Inc.	1,440	Mohave	Arsenic Remedial - System Improvements	002 2023	\$1,375,900.00	75%
2	4	Desert Gardens RV Resort Cooperative, Inc.	532	Pinal	System Power Deficiency	033 2023	\$120,000.00	80%
3	8	Sierra Vista Park, LLC, An Arizona Limited Liability Company	200	Pinal	Arsenic Treatment	003 2023	\$203,000.00	80%
4	9	Marana, Town of	8,625	Pima	Picture Rocks and Twin Peaks Interconnect	014 2023	\$4,455,413.00	85%
5	10	Cerbat Water Company	863	Mohave	Meter Install	045 2023	\$145,557.00	80%
6	11	Dineh Utility	1,375	Apache	Booster System, Meters, Tank and Generator Upgrades	007 2023	\$437,000.00	80%
7	13	Metropolitan Domestic Water Improvement District	46,977	Pima	Northwest Recharge, Recovery, and Delivery System Booster Station and Pipeline, Phases 1, 2 & 3	006 2023	\$14,198,283.00	80%
8	14	Metropolitan Domestic Water Improvement District	46,977	Pima	Ironwood Blend Well and Pipeline	019 2023	\$3,998,023.00	80%
9	17	Global Water - Rincon Water Company, Inc.	171	Pima	Fluoride Removal	020 2023	\$1,500,000.00	85%
10	18	Marana, Town of	7,560	Pima	Water Treatment Campus Loans Reimbursement	013 2023	\$16,000,000.00	85%
11	19	Sweet Springs Community mhp	85	Cochise	Distribution System Upgrades	058 2023	\$753,507.90	80%
12	20	City of Eloy	8,859	Pinal	Well Rehab and Solar Project	017 2023	\$1,056,752.00	80%
13	21	American Indian Christian Mission	53	Navajo	New Well Project	050 2023	\$250,000.00	75%
14	23	City of Bullhead City	6,351	Mohave	Bullhead City Water Infrastructure Project I (NWTLR)	009 2023	\$6,445,000.00	80%
15	24	Bonita Creek Water Company	140	Gila	Waterline and Meter Upgrades	004 2023	\$247,970.00	80%

Fundable Range Rank	PPL Rank	Applicant	Population	County	Project Name	Project Number	Amount Requested	Subsidy
16	26	City of Prescott	60,804	Yavapai	Water Production and Intermediate Pump Station Completion	011 2023	\$34,000,000.00	80%
17	27	Valley Pioneers Water Company, Inc.	5,598	Mohave	Water System Improvements	043 2023	\$4,095,700.00	75%
18	28	Black Canyon City WID	2,580	Yavapai	Big John Well No. 3	041 2023	\$416,300.00	75%
19	29	Porter Creek Domestic Water Improvement District	243	Navajo	Preliminary Engineering Report	053 2023	\$50,000.00	80%
20	33	Holliday Development LLC	60	Yavapai	Whispering Winds	057 2023	\$50,000.00	80%
21	34	Mountain Glen Water Service, Inc.	1,053	Navajo	New Water Campus	051 2023	\$1,113,600.00	80%
22	35	Mescal Lakes Water Systems, Inc.	1,479	Cochise	System Upgrades	052 2023	\$1,130,657.00	80%
23	36	Pomerene Domestic Water Improvement District	1,900	Cochise	Waterline Replacement and Well Connection	042 2023	\$800,000.00	85%
24	37	Metropolitan Domestic Water Improvement District	767	Pima	E&T 22 Well Replacement	018 2023	\$1,755,975.00	80%
25	38	City of Peoria	179,002	Maricopa	CAP/LPP Intersection Wellfield	024 2023	\$35,075,000.00	90%
26	39	City of Peoria	179,002	Maricopa	Zone 6E Reservoir and Booster Pump Station	023 2023	\$17,126,000.00	90%
27	40	Tucson Water	744,528	Pima	Implementation of the Lead and Copper Rule Revisions	025 2023	\$6,950,000.00	80%
28	41	Tucson Water	675,686	Pima	Northwest Wellhead Treatment	032 2023	\$60,000,000.00	80%
29	42	Douglas, City of	16,656	Cochise	Design and Construction of New Well #18	012 2023	\$2,100,000.00	85%
30	45	Town of Cave Creek	6,815	Maricopa	City of Phoenix Water Interconnection Project	016 2023	\$13,190,000.00	85%
31	53	Marana, Town of	12,569	Pima	Marana Park Reservoir	005 2023	\$1,000,000.00	90%
32	53	Town of Queen Creek	117,943	Maricopa	Cibola Water Rights Acquisition Project	047 2023	\$27,000,000.00	90%
33	56	Phoenix, City of	1,700,000	Maricopa	City of Phoenix Service Line Assessments and Replacements	030 2023	\$40,575,418.00	95%
34	57	Phoenix, City of	1,700,000	Maricopa	City of Phoenix Water CIP Program	031 2023	\$10,857,000.00	95%

**Total:**

**\$308,472,055.90**

**AGENDA ITEM:**

Director's Report

**ACTION REQUIRED:**

Information Item

**PREVIOUS ACTION:**

None

**STAFF CONTACT:**

Chuck Podolak

**ATTACHMENTS:**

None

**STAFF COMMENTS:**

None



**AGENDA ITEM:**

Modification to Procedure III.20.1 Additional Subsidy and III.20.2 Disadvantaged System Compliance Loans to allow for 100% Forgivable Principal Clean Water SRF Loans – *Lindsey Jones will lead the discussion*

**ACTION REQUIRED:**

Information Item

**PREVIOUS ACTION:**

None

**STAFF CONTACT:**

Lindsey Jones

**ATTACHMENTS:**

- Modified WIFA Procedure III.20.1 – Additional Subsidy
- Modified WIFA Procedure III.20.2 – Disadvantaged System Compliance Loans

**STAFF COMMENTS:**

None

## Additional Subsidy Procedure

WIFA Procedure #: III.20.1

WIFA Policy Reference: III.20 Additional Subsidy Program

**Purpose:**

*To establish criteria for providing additional subsidy for projects*

**Responsibility:** ~~Executive~~ Director

**Original Issue Date:** April 30, 2014, ~~June 17, 2015\*~~, ~~October 23, 2019~~

**Previous Amendment Date(s):** ~~June 17, 2015\*~~, ~~October 23, 2019~~, ~~June 23, 2021~~ N/A

**Most Recent Amendment Date:** ~~June 23, 2021~~ May 17, 2023 (Replaces All Previous Versions)

**Approval:**

\_\_\_\_\_  
~~Executive~~ Director

\_\_\_\_\_  
Date

\_\_\_\_\_  
\* Affordability Criteria identified within the table in Section 2.0 was publicly noticed and a public hearing was held on August 26, 2015. No comments were received.

## Additional Subsidy Procedure

WIFA Procedure III.20.1, ~~May 2023~~~~June 2021~~

When required by the Clean Water or Drinking Water State Revolving Fund capitalization grant conditions, WIFA will provide additional subsidy until the capitalization grant requirements are met. When permitted by the Clean Water or Drinking Water State Revolving Fund capitalization grant conditions, WIFA may choose to specify an amount up to the maximum percentage allowed within the terms and conditions of the annual capitalization grant as additional subsidy. WIFA provides additional subsidy in the form of forgivable principal.

When these funds are available, the ~~Executive~~ Director will apply this procedure to determine which projects are eligible to receive forgivable principal and to determine the amount of forgivable principal. The projects and forgivable principal amounts will be recommended to the ~~WIFA~~ Board ~~of Directors~~ for its approval as part of the due diligence analysis.

### **Section 1.0: Drinking Water State Revolving Fund Criteria for determining eligibility and forgivable principal amount**

All drinking water systems eligible for financial assistance (WIFA Policy II.9) are eligible to receive forgivable principal. Disadvantaged communities (in accordance with Policy III.6) and projects which will address a threat to public health will receive priority for forgivable principal. All loans for infrastructure projects are eligible, including design loans. (Refinancing or refunding requests are not eligible for forgivable principal. Refer to WIFA Policy III.16 Refinancing and Refunding Requests.) Additional considerations are listed in Section 3.0.

Staff will apply the brackets in Table 1. of this section by first determining which category the project falls into:

- Disadvantaged Community AND project which addresses a public health threat
- Disadvantaged Community OR project which addresses a public health threat
- All Infrastructure Projects

Once the applicable scale is determined the loan amount will be applied and marginal amounts of forgivable principal will be added together to determine the maximum amount of forgivable principal that a project may be eligible to receive.

**Table 1.**

<b>Disadvantaged Community AND project which addresses a public health threat</b>			
<b>Forgivable Principal Up To</b>	<b>On the Loan Amount Over</b>	<b>But Not Over</b>	<b>Cumulative Forgivable Principal Up To</b>
<b>100% <sup>1</sup></b>	\$ -	\$250,000	100% of the loan amount
<b>70%</b>	\$250,000	\$500,000	\$250,000 + 70% of the loan amount over \$250,000
<b>50%</b>	\$500,000	\$1,000,000	\$425,000 + 50% of the loan amount over \$500,000
<b>15%</b>	\$1,000,000	\$5,000,000	\$675,000 + 15% of the loan amount over \$1,000,000
<b>15%</b>	\$5,000,000	\$10,000,000	\$1,275,000 + 15% of the loan amount over \$5,000,000 but not over \$10,000,000 <sup>2</sup>

<sup>1</sup> See WIFA Procedure III.20.2 Disadvantaged System Compliance Loans for additional requirements for projects receiving 100% forgivable principal.

<sup>2</sup> Loan amounts greater than \$10M may receive up to \$2,025,000 of forgivable principal.

<b>Disadvantaged Community OR project which addresses a public health threat</b>			
<b>Forgivable Principal Up To</b>	<b>On the Loan Amount Over</b>	<b>But Not Over</b>	<b>Cumulative Forgivable Principal Up To</b>
<b>85%</b>	\$ -	\$250,000	85% of the loan amount
<b>50%</b>	\$250,000	\$500,000	\$212,500 + 50% of the loan amount over \$250,000
<b>35%</b>	\$500,000	\$1,000,000	\$337,500 + 35% of the loan amount over \$500,000
<b>13%</b>	\$1,000,000	\$5,000,000	\$512,500 + 13% of the loan amount over \$1,000,000
<b>10%</b>	\$5,000,000	\$10,000,000	\$1,032,500 + 10% of the loan amount over \$5,000,000 but not over \$10,000,000 <sup>3</sup>

<sup>3</sup> Loan amounts greater than \$10M may receive up to \$1,532,500 of forgivable principal.

<b>All Infrastructure Projects</b>			
<b>Forgivable Principal Up To</b>	<b>On the Loan Amount Over</b>	<b>But Not Over</b>	<b>Cumulative Forgivable Principal Up To</b>
<b>25%</b>	\$ -	\$250,000	25% of the loan amount
<b>20%</b>	\$250,000	\$500,000	\$62,500 + 20% of the loan amount over \$250,000
<b>20%</b>	\$500,000	\$1,000,000	\$112,500 + 20% of the loan amount over \$500,000
<b>10%</b>	\$1,000,000	\$5,000,000	\$212,500 + 10% of the loan amount over \$1,000,000
<b>8%</b>	\$5,000,000	\$10,000,000	\$612,500 + 8% of the loan amount over \$5,000,000 but not over \$10,000,000 <sup>4</sup>

<sup>4</sup> Loan amounts greater than \$10M may receive up to \$1,012,500 of forgivable principal.

To ensure that forgivable principal will be available to the following critical projects, 10 percent of the capitalization grant forgivable principal requirement will be held in reserve each fiscal year. At each June board meeting, the reserve will be released and available for any eligible project.

- Projects to design, redesign, construct or reconstruct a water system that has failed as the result of a disaster, a natural disaster or a catastrophic event that occurred in the preceding 12 months
- Projects to address a new situation that developed in the preceding 12 months and needs to be responded to immediately, such as well failure or security issues, or other projects which will correct an interruption in service
- Projects which will correct an ADEQ compliance issue
- Projects resulting from an ACC Order to Show Cause and installation of an interim operator

## Section 2.0: Clean Water State Revolving Fund Criteria for determining eligibility and forgivable principal amount

A project must meet one of the following requirements to be eligible to receive forgivable principal:

### 1. The community cannot otherwise afford the project (Affordability Criteria):

Eligible Communities	Maximum Forgivable Principal Amount
<p>a. The community meets the Disadvantaged Community criteria established in WIFA Policy # III.6.</p> <p>b. The community has proactively established user rates that will support the debt service, and</p> <p>i. the median household income of the area (AMHI) served by the applicant is less than or equal to 70 percent of the state's median household income (SMHI), or</p> <p>ii. the applicant's approved residential user fees, rates and charges divided by the AMHI is at least 1.5 percent.</p>	<p>➤ The project may receive up to 50 percent** of eligible project costs if the community meets criteria a or b.</p> <p>➤ The project may receive up to 60 percent** of eligible project costs, if the community meets criteria a or b, and</p> <ul style="list-style-type: none"> <li>○ a five-year historical review of the community's residential connections (population trend) results in a decrease in connections when averaged on a yearly basis (average change in connections year over year), or</li> <li>○ for the previous year, the annual unemployment rate for the county in which the community is located exceeds the state's annual unemployment rate by 30 percent or more.</li> </ul> <p>➤ <u>The project may receive up to 100 percent of eligible project costs, if the community meets criteria a or b, and</u></p> <ul style="list-style-type: none"> <li>○ <u>the project is resolving a nonpoint source pollution problem</u></li> <li>○ <u>the loan size is \$250,000 or less</u></li> </ul>

	<p>**If financial projections indicate that debt service coverage (DSC) will only be met with additional forgivable principal, the project may receive up to the amount needed to meet DSC, not to exceed 90% of eligible project costs.</p>
--	--

2. The project qualifies for the Green Project Reserve as defined by EPA:
  - Green projects which receive forgivable principal are not eligible for an additional incentive under Procedure II.7.1.
  - Forgivable principal amount may not exceed 20 percent of eligible project costs.
3. The project mitigates stormwater runoff:
  - Forgivable principal amount may not exceed 20 percent of eligible project costs.

### **Section 3.0: Other considerations**

In determining the recommendation, the ~~Executive~~ Director will also consider:

- The total amount of forgivable principal available;
- Anticipated near-term demand;
- The community's population of full-time residents;
- The community's ability and intent to spend the forgivable principal within 18 months from the date of the WIFA Board loan resolution;
- The amount of forgivable principal the community has received in the last fiscal year; and
- Other financial indicators.

## Disadvantaged System Compliance Loans

**WIFA Procedure #:** III.20.2

**WIFA Policy Reference:** III.20 Additional Subsidy Program

**Purpose:**

*To establish criteria for providing Disadvantaged System Compliance loans with 100 percent forgivable principal.*

**Responsibility:** ~~Executive Director~~ Director

**Original Issue Date:** October 23, 2019

**Previous Amendment Date(s):** NA

**Most Recent Amendment Date:** ~~October 23, 2019~~ May 17, 2023 (*Replaces All Previous Versions*)

**Approval:**

\_\_\_\_\_  
~~Executive~~ Director

\_\_\_\_\_  
Date

## **Disadvantaged System Compliance Loans**

WIFA Procedure III.20.2, ~~October 2019~~ May 2023

When permitted by the Clean Water or Drinking Water State Revolving Fund capitalization grant conditions, or when identified in the annual Intended Use Plan, WIFA may provide 100 percent forgivable principal for Disadvantaged System Compliance Loans so long as funds are available.

**Note:** The federal fiscal year 2019 Drinking Water capitalization grant (SFY 2020) requires an additional amount of forgivable principal that must be provided to disadvantaged communities. A portion of this additional \$1.1 million will be applied to 100 percent forgivable principal loans to disadvantaged communities. (There is no such requirement for the Clean Water State Revolving Fund in SFY 2020.)

The ~~Executive~~ Director will apply this procedure to determine which projects may be eligible to receive 100 percent forgivable principal. The projects and forgivable principal amounts will be recommended to the WIFA Board ~~of Directors~~ for approval as part of the due diligence analysis.

### **Section 1.0: Criteria for determining eligibility and forgivable principal amount**

A project must meet all of the following requirements to be eligible to receive 100% forgivable principal:

- The system must be eligible for WIFA funds according to WIFA Policy II.9 or II.10.
- The system must be eligible to be designated as a disadvantaged community according to WIFA Policy III.6.
- The project must resolve a deficiency or compliance issue as identified by EPA, ADEQ or ADEQ-delegated agency and must have received 100 Water System Improvement Points (for Drinking Water) or 100 Water Quality Improvement Points (for Clean Water) on the Project Priority List.
- The project cost may not exceed \$250,000.
- The system may not have received forgivable principal from WIFA in the last state fiscal year.

### **Section 2.0: WIFA staff analysis**

WIFA staff will consider the following while preparing the due diligence analysis and recommendation to the Board.

- The system must have a dedicated source of repayment.
- The financial analysis will be performed to determine financial capability and identify the required security level.
- Non-construction costs will be considered on a case-by-case basis and may be excluded from the loan.
- The loan documents will require an increased inspection frequency to ensure compliance with Davis-Bacon and American Iron and Steel requirements, typically to occur at 10 percent, 80 percent of construction funds and before approval of each disbursement.



- The system is strongly encouraged to use a Council of Government (COG) to monitor Davis-Bacon compliance and to provide procurement assistance. The cost of the COG's service may be included in the loan.

### **Section 3.0: Other considerations**

In determining the recommendation, the Executive Director will also consider:

- The total amount of forgivable principal available;
- The community's population of full-time residents;
- The community's ability and intent to spend the forgivable principal within 18 months from the date of the WIFA Board loan resolution; and
- Other financial indicators.

DRAFT

**AGENDA ITEM:**

Recommend Approval of Loan Resolution 2023-044 and Due Diligence Summary DW 020-2023 – Global Water-Rincon Water Company, Inc.– DWSRF – \$2,358,450 – *Scott Connelly will lead the discussion*

**ACTION REQUIRED:**

Review, Discuss & Recommend Approval

**PREVIOUS ACTION:**

None

**STAFF CONTACT:**

Scott Connelly

**RECOMMENDED DISCUSSION TIME:**

5 Minutes

**ATTACHMENTS:**

- Loan Resolution – 2023-044 – Global Water-Rincon Water Company, Inc
- Due Diligence DW 020-2023

**STAFF COMMENTS:**

None

***Loan Resolution 2023-024 – Global Water - Rincon  
Water Company, Inc.  
Water Infrastructure Finance Authority of Arizona***

**Section 1: Resolution**

WHEREAS, the Water Infrastructure Finance Authority of Arizona (the “*Authority*”) has received from Global Water - Rincon Water Company, Inc. (the “*Local Borrower*”) a request for a loan (the “*Loan*”); and

WHEREAS, the Authority has determined that the Local Borrower has met the requirements of Arizona Revised Statutes §49-1201 et seq. (the “*Act*”) and the rules promulgated thereunder (the “*Rules*”); and

WHEREAS, the terms and conditions under which a Loan will be made and the obligations of the Local Borrower will be set forth in a loan agreement or bond purchase agreement (the “*Loan Agreement*”) to be executed by the Local Borrower and the Authority.

NOW, THEREFORE BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE AUTHORITY AS FOLLOWS:

The Director of the Authority is hereby authorized and directed to execute a Loan Agreement with the Local Borrower to evidence a Loan in accordance with the Act, the Rules, the Local Borrower’s applications to the Authority, and the Project Summary detailed in Section 2 of this Loan Resolution.

The Director and other Authority officials, as appropriate, are authorized and directed to sign any document and take such actions as necessary and appropriate to consummate the transactions contemplated by this Resolution and the Loan Agreement and to ensure that the Local Borrower has completed all requirements of the Authority as detailed in Section 3, Section 4, and Section 5 of this Loan Resolution.

This Resolution shall take effect immediately and shall terminate one year from the date of Board Action.

Dated: May 17, 2023

By: \_\_\_\_\_  
Chairman

Attest: \_\_\_\_\_  
Director

# ***Loan Resolution 2023-024 – Global Water - Rincon Water Company, Inc.***

## ***Water Infrastructure Finance Authority of Arizona***

### **Section 2: Project Summary**

#### **2.1 Project Number(s)**

DW 020-2023

#### **2.2 Project Priority Data**

<u>PPL Rank*</u>	<u>Funding Cycle</u>	<u>Population Served</u>	<u>Subsidy Rate*</u>
17	DW 2023	171	85%

\* Per the proposed PPL to be presented for approval at the May 2023 WIFA Board meeting.

#### **2.3 Project Description(s)**

This loan will fund the installation of a water treatment plant and make other needed improvements to come into compliance. Additionally, a majority of the systems' existing facilities are located within the 100-year floodplain and a site redesign was enacted to relocate all equipment outside of the floodplain with the exception of the well.

#### **2.4 Previous Board or Committee Actions**

June 18, 2003 – Board approved an award for an amount not to exceed \$13,700 with a minimum local match requirement of \$13,700 for engineering services.

#### **2.5 Federal Programs Committee Review Date**

April 2023

### **Section 3: Financial Assistance Terms & Conditions (Section 7.1 of Due Diligence)**

**Financial Assistance Amount:** \$2,358,450 with \$689,099 in forgivable

principal **Primary Repayment Source:** System Revenues

**Secondary Repayment Source:** Other: Parent Support Agreement

**Loan Term:** 20 years

**Frequency of Repayment:** Monthly

# ***Loan Resolution 2023-024 – Global Water - Rincon Water Company, Inc.***

## ***Water Infrastructure Finance Authority of Arizona***

**Loan Structure:** Standard Non-governmental Level-1; Public Health Threat

**Debt Service Reserve Fund Requirements:** Local, Separate Account

**Repair and Replacement Fund Requirements:** Local - Separate Account

**Requirements Prior to Loan Execution:**

**Require Legal Opinion:** Yes

**Other:** No Requirement

**Requirements Prior to Construction:** No Requirement

**Requirement During Construction:** No Requirement

**Requirements Prior to Final Disbursements:** No Requirement

**Loan Category:** Qualified, Not Pledged

**Policy Exceptions:** None

### **Section 4: Technical Terms & Conditions** (Section 7.2 of Due Diligence)

**Observation Schedule B:**

Observation 1: Upon borrower notification of construction commencement

Additional Observations: at least one site observation within each 12 month period

Final Observation: 80% construction budget disbursement

**Withholding Percentage:** 10% (released after deliverables received)

**Requirements Prior to Loan Execution:** No Requirement

**Requirements Prior to Construction:**

**Submittal of Construction Bids:** Yes

**Public Publicity Signage:** Yes

***Loan Resolution 2023-024 – Global Water - Rincon  
Water Company, Inc.  
Water Infrastructure Finance Authority of Arizona***

The Local Borrower shall erect a construction sign displaying information on the Project and the funding sources. The Authority shall provide specifications for such construction signs.

**Other:** No Requirement

**Requirements During Construction:**

**Prior Review of Changes in Project Scope:** Yes

The Local Borrower shall submit to the Authority, for review and approval prior to execution, any change to the plans and specifications, construction contracts, Eligible Project Costs, or any other change which will effect the performance standards or purpose of the Project.

**Other:** No Requirement

**Requirements Prior to Releasing Withholdings:**

**Require Plan of Operation:** Yes

**Require Final Approval:** Yes

**Other:** No Requirement

**Policy Exceptions:** None

**Section 5: Additional Notice & Reporting Requirements** (Section 7.3 of Due Diligence)

**Other:** Wage rate reporting requirements; Use of American Iron and Steel requirements; Build America, Buy America Act requirements (if applicable).

**Global Water - Rincon Water Company, Inc.**  
**DW 020-2023**

**Board Action:**  
**May 17, 2023**

**Project Status Committee Member Certifications:**

I have reviewed the application and financial documentation submitted by the applicant and have determined that the request for financial assistance satisfies the requirements for Board consideration.

Signature: *Anthony Ngeera* Title: Sr. Loan Officer Date: 04/07/2023

I have reviewed the application and technical documentation submitted by the applicant and have determined that the request for financial assistance satisfies the requirements for Board consideration.

Signature: *[Signature]* Title: Environmental Program Supervisor Date: 04/07/2023

**Director Certification:**

I have reviewed the staff analysis of the application and related documentation and have determined that the request for financial assistance satisfies the requirements for Board consideration.

Signature: *[Signature]* Date: 04/12/2023

## Section 1: Applicant Information

### 1.1 Name of Applicant

Global Water - Rincon Water Company, Inc.

## 1.2 Authorized Representative

Christopher D. Krygier, Second Vice President

### 1.3 Address

21410 N. 19th Avenue, Suite 220, Phoenix, AZ

## 1.4 Applicant Description

Type of Applicant: \_\_\_\_\_ Governmental                      X Non-Governmental

Type of Project:      ☒ Drinking Water      ☐ Wastewater

## System Identification

PWS Number: AZ0410144

### Community or Non-Community System: Community

## 1.5 Project Priority List

<b><u>PPL Rank*</u></b>	<b><u>Funding Cycle</u></b>	<b><u>Population Served</u></b>	<b><u>Subsidy*</u></b>
17	2023	171	85%

\* Per the proposed PPL to be presented for approval at the May 2023 WIFA Board meeting.

## 1.6 Previous Board Actions

June 18, 2003 – Board approved a Technical Assistance grant award for an amount not to exceed \$13,700 with a minimum local match requirement of \$13,700 for engineering services.

## Section 2: Project Information

## 2.1 Community Description

Global Water - Rincon Water Company, Inc. is a subsidiary of Global Water, LLC, with the ultimate parent Global Water Resources, Inc. (GWRI). GWRI is a water resource management company that owns, operates and manages water, wastewater and recycled water utilities in strategically located communities, growth areas surrounding the



metropolitan areas of Phoenix and Tucson Arizona. GWRI manages 25 water and wastewater utility systems in Maricopa, Pima, and Pinal counties. Global Water - Rincon Water Company, Inc. provides water utility service to a population of approximately 170 people living in the X9 Ranch and Mountain Creek Ranch subdivisions in Pima County.

## 2.2 Current Condition

Global Water - Rincon Water Company, Inc (GWR) serves 74 customer connections in the X-9 Ranch and Mountain Creek Ranch subdivisions located in rural Tucson, Arizona. The water system was previously owned by Rincon Water Company and was purchased in January 2022 by Global Water Resources, Inc, parent company of GWR. Under its prior ownership, the system had many serious issues including 17 Arizona Department of Environmental Quality (ADEQ) violations since 2003 and 35 enforcement actions since 2001. Currently, the system has ongoing violations for exceeding the Fluoride maximum containment level (MCL) since 2020 and not chlorinating the water. The culmination of compliance issues and Rincon Water Company proving unable to make necessary infrastructure investments lead to the Pima Department of Environmental Quality (PDEQ) issuing a consent order requiring the company to sell the system to Global Water Resources, Inc.

The water system includes three main sites. The Mountain Creek development site consists of a 143,000-gallon storage tank, three booster pumps, 5,000-gallon hydropneumatics tank and associated rudimentary controls and electrical system. The Rincon Water Production site includes a 280 gpm well, 20,000-gallon storage tank, two booster pumps, 5,000 gal hydropneumatic tank, one lined pond (liner deteriorated) 200 ft x 100 ft, office building, empty fluoride treatment building, rudimentary controls (including tank fill) and an electrical system. Lastly, the Cactus Hills Rd 186,000-gallon storage tank site includes a 186,000-gallon storage tank and a solar power panel.

### Type & Number of Connections

Type of Connection	Current	Prior Year	2 Years Prior	3 Years Prior	4 Years Prior
<b>Residential</b>	74	74	74	74	74
<b>Commercial</b>	0	0	0	0	0
<b>Industrial</b>	0	0	0	0	0
<b>Other</b>	0	0	0	0	0
<b>Total</b>	74	74	74	74	74

## **2.3 Problem**

The water system has had ongoing Fluoride MCL violations since 2020, with concentrations ranging from 4.7 to 5.7 mg/l (MCL for Fluoride is 4.0 mg/l). GWR is currently following a consolidation program in lieu of a consent order with PDEQ to install a water treatment plant and make other needed improvements to come into compliance. Additionally, a majority of the systems' existing facilities are located within the 100-year floodplain and a site redesign was enacted to relocate all equipment outside of the floodplain with the exception of the well. Therefore, to achieve compliance with ADEQ, PDEQ and the Federal Emergency Management Agency (FEMA), infrastructure improvements and relocation of existing facilities is required.

## **2.4 Solution**

GWR proposes to install; a new fluoride treatment system, booster pump station, and Supervisory Control and Data Acquisition (SCADA) system, replace; the distribution system piping and a 30,000-gallon finished water storage tank, add; a chlorine disinfection system and a concrete foundation and shade structure for support and protection, relocate; the fluoride backwash stream evaporation ponds and hydropneumatic tank outside of the floodplain, and upgrade the electrical system. These projects are necessary to achieve compliance with ADEQ, PDEQ and FEMA.

Construction activities will include site grading, installing, or relocating facilities and equipment, and excavating evaporation basins on land immediately adjacent to existing water system facilities. The fluoride removal system will include two regenerative adsorption vessels using activated alumina media and will be installed at the Rincon Water Production Site along with disinfection systems. Lastly, SCADA and the associated telemetry for remote monitoring and control will be installed at all sites.

The life expectancy of the project is estimated to be over 30 years.

## 2.5 Funding Sources and Uses

Uses by Budget Item	WIFA Funding	Local Funding	Other: _____	Total By Use
Planning				
Design & Engineering	\$190,000			\$190,000
Legal/Debt Authorization				
Financial Advisor				
Land/System Acquisition				
Equipment/Materials	\$1,225,000			\$1,225,000
Construction/Installation/Improvement	\$800,000			\$800,000
Inspection & Construction Management	\$130,000			\$130,000
Project Officer				
Administration				
Staff Training				
Capitalized Interest				
Other - Contingency	\$13,450			\$13,450
Total by Source	\$2,358,450			
Total for Project				\$2,358,450

Engineering Costs Reasonable?      X   Yes         No         N/A

GWR is seeking reimbursement for the design and permitting costs of the fluoride treatment plant which were completed in August 2022. A majority of the existing water components and facilities are located within the 100-year floodplain; therefore, additional engineering design was required for the project.

Construction Costs Reasonable?      X   Yes         No         N/A

## Section 3: Legal Capability

Congressional District(s)              6            
 Legislative District(s)              17          

Type of Applicant:         Association/Cooperative      X   Corporation  
                                       Limited Liability Corporation         Political Subdivision  
                                       Sole Proprietor         Other

Significant Findings in Legal Structure Review?   X   No        Yes

Debt Authorized   X   Yes        No, Scheduled: \_\_\_\_\_

Authorized Amount:     \$2,358,450

ACC decision No. 78897 dated March 23, 2023, authorizing Global Water – Rincon Water Company, Inc. to issue long term debt with WIFA.

Significant Findings in Debt Authorization Review?   X   No        Yes

## Section 4: Managerial Capability

### 4.1 Managerial Review

Is there a history of managerial deficiencies?        No   X   Yes

The previous owner, Rincon Water Company, lacked managerial and technical capabilities and did not meet regulatory requirements to operate safely.

By-laws, rate ordinances, and connection ordinances in place?   X   Yes        No

Does the organization have an established accounting/bookkeeping system?   X   Yes        No

GWR maintains a team of internal accountants, including several CPAs, at its headquarters in Phoenix and uses established accounting/bookkeeping systems.

Are terms of officials staggered?        Yes   X   No

The board members and officers of GWR serve an indefinite term and perform their duties as board members and officers in the course of their employment with the parent company, Global Water Resources, Inc.

Is there a history of (or pending) recalls or removals of officials?   X   No        Yes

Individual responsible for managing the proposed design or construction project:  
       System Manager        Officer of the Organization   X   Other:

Smyth Industries, a highly experienced firm in Arizona, prepared the design and will serve as the project manager. Smyth Industries works under the direction of the GWR's Project Management Office (PMO), which includes a team of construction managers and engineers. Within the PMO, Scott Lee, P.E. supervises this project.

Project manager experienced in managing similar design or construction projects?

☒ Yes ☐ No

Scott Lee is registered professional Engineer in the State of Arizona who has managed water engineering projects for 23+ years as a both design consulting engineer and as a member of GWR.

Individual responsible for day-to-day management of the system:

☒ System Manager ☐ Officer of the Organization ☐ Other:

Day-to-day manager experienced in managing this or similar systems? ☒ Yes ☐ No

Clint Arndt is a licensed Grade 4 Certified Operator in the State of Arizona with 33 years total experience including responsibility for multiple water treatment facilities.

#### 4.2 Potential Management Impacts

Significant management impacts as the result of the proposed project? ☒ No ☐ Yes

Managerial impact because of any current or past litigation? ☒ No ☐ Yes

#### 4.3 Consultant Capacity

Significant findings in consultant capacity review? ☒ No ☐ Yes

#### 4.4 Conclusions

Management History: ☐ Stable ☒ Unstable

Management has been stable since Global Water Resources acquired the system in 2022.

Management Structure: ☒ Satisfactory ☐ Unsatisfactory

Significant Findings in Managerial Review? ☒ No ☐ Yes

Although the management of the water system has been unstable historically, Global Water Resources has been working to build managerial/technical capacity and meet regulatory requirements since acquiring the system in 2022. Global Water Resources has a history of acquiring underfunded and troubled utilities. Since September 2020, Global Water Resources has acquired 7 small utilities in Pima County, and over the last 20 years they have acquired over 20 small, troubled utilities.

## Section 5: Technical Capability

### 5.1. Technical Review

According to an agreement between ADEQ and PDEQ, PDEQ was delegated to be the primacy agency for GWR. However, Compliance Status Reports (CSRs) for the system continue to be issued by ADEQ. An ADEQ Compliance Status Report (CSR) dated March 9, 2023, stated that the water system has an unresolved fluoride MCL violation.

After the water system was purchased, PDEQ entered into a consolidation agreement with GWR in lieu of a consent order. The agreement includes a work plan with proposed deadlines to complete necessary corrective actions, which include installing a fluoride treatment system and associated improvements. The resulting WIFA loan will fund the fluoride treatment system and associated improvements which will bring the water system into compliance with ADEQ and PDEQ.

Operators certified at appropriate level? ☒ Yes ☐ No

Name	Title	Certification Grade	Total Years Experience	Time in Position
Clint Arndt	Director of Operations	4	33	7 Years

Description of operating impacts due to project technology?

Operation complexity will increase considerably due to the addition of a fluoride treatment system and liquid disinfection systems including multiple chemical feeds, backwashing requirements, and testing.

Additional comments on technical capability? ☒ No ☐ Yes

Significant findings in Technical Review? ☒ No ☐ Yes

### 5.2. Water Supply Adequacy

ADWR Compliance Status: ☒ Significant Compliance ☐ Significant *Non*-Compliance

ADWR has determined that the water system is currently compliant with departmental requirements.

Significant impact due to water rights adjudication? ☒ No ☐ Yes

Significant findings in Water Supply Review? ☒ No ☐ Yes

### 5.3. Readiness to Proceed

#### Project Development Milestones:

Task	Scheduled Date
Planning, Design & Specifications Completion	Complete - August 2022
Approval to Construct	Complete - August 2022
Advertisement for Bids	Complete - February 2023
Construction Commencement	March 2023
Approval of Construction Completion	September 2023
Initiate Operation	November 2023

Licenses/Permits	Date Expected/Approved
Pima County ATC (New Storage Tank, Booster Station, Water Treatment System, Chlorination and Appurtenances. Relocate Existing Pressure Tank)	Approved - August 2022
Pima County ATC (Rincon X-9 Temporary Chlorination System)	Approved - June 2022
Pima County Development Services Site Construction Permit	Approved – November 2022

A Floodplain Use Permit is required for the facilities that were relocated in the floodplain. Additionally, the evaporation ponds are located in a riparian area, and required Pima County approval of a Riparian Mitigation Plan. The plan was approved by the Pima County Board of Supervisors in September and a riparian mitigation fee was set by the County.

### 5.4. Environmental Review

- ☐ Not Applicable – For Planning Financial Assistance Only
- ☒ Categorical Exclusion
- ☐ Environmental Assessment – Finding of No Significant Impact
- ☐ Environmental Assessment – Environmental Impact Statement

## Section 6: Financial Capability *(see Attachments A, B and C for detail)*

**Credit Rating:** N/A: \_\_\_\_\_ Fitch: \_\_\_\_\_ EJ: BBB S&P: \_\_\_\_\_

### **Historical Performance** *(See Attachment B for greater detail):*

To conduct the historical performance analysis of Global Water Resources, Inc (GWRI) the parent company of Rincon Water Company, Inc. (GW-Rincon). WIFA staff relied on the financial statements of GWRI due to a requirement by Arizona Corporation Commission to grant the financing application on the basis that a parent support agreement be in place to ensure sufficient and timely financial resources to ensure GW-Rincon's compliance with all terms of this WIFA loan. WIFA staff reviewed annual reports submitted by the company to the Arizona Corporation Commission (ACC) for calendar years 2018-2022, ACC Docket Nos. W-21150A-22-0304, W-21150A-21-009 and Decisions Nos. 78319 and 78897 along with the accompanying ACC Staff Report.

On June 24, 2016, GWR Issued two series of senior secured notes with an aggregate total principal balance of \$115.0 million at a blended interest rate of 4.55%. Series A carries a principal balance of \$28.8 million and bears an interest rate of 4.38% over a twelve-year term, with the principal payment due on June 15, 2028. Series B carries a principal balance of \$86.3 million and bears an interest rate of 4.58% over a 20-year term. Series B was interest only for the first five years, with \$1.9 million principal payments paid semiannually thereafter beginning December 2021. The senior secured notes are collateralized by a security interest in the Company's equity interest in its subsidiaries, including all payments representing profits and qualifying distributions. Debt issuance costs totaled \$0.5 million as of both September 30, 2022, and December 31, 2021. The senior secure notes require GW-Rincon to maintain debt service coverage ratio of consolidated EBITDA of at least 1.10 to 1.0

GW-Rincon maintains a credit facility with Northern Trust Bank for \$15,000,000 which may be used to finance existing indebtedness, to acquire assets and/or expand company business. Northern Trust requires GW-Rincon to maintain debt service coverage ratio of consolidated EBITDA of at least 1.10 to 1.0. Global Water Resources, Inc (GWRI) the parent company to Global Water-Rincon trades on NASDAQ and the Toronto Stock Exchange under trading symbol GWRS. GWRI is rated BBB+ by the rating company of Egan Jones.

The ACC determined the "inferred guaranty" to be sufficient whereby GW-Rincon could rely on the resources of its ultimate parent company GWRI in the event it is unable to meet the debt covenant required for debt financing. To this end, WIFA requested and was supplied with a parent support agreement which details that GWRI agrees to promptly make funds available to make any and all payments required to the financing. During the historical review period, at no time did the debt service coverage ratio fall below WIFA's 1.2 times requirement.

### **Projected Performance** *(See Attachment C for greater detail):*



To project financial performance, WIFA staff used the above referenced historical reports along with the ACC Staff report that accompanied Decision Nos. 78319 and 78897.

Beginning in 2018 and continuing through 2022, the company experienced 7.3% annualized growth in revenues and 9.52% in expenses. WIFA staff took a slightly more conservative approach by projecting revenues to grow annually at 3% and using a 10% annual growth for operating expenses. Incorporating this approach, the 5-year projected financial performance shows the company will be able to meet WIFA's required Debt Service Coverage (DSC) for 2023-2027.

The proposed project qualifies for the second-tier additional subsidy funding available to a project that addresses a public health threat. Therefore, applying WIFA Procedure III.20.1., staff recommends up to \$689,099 in forgivable principal.

## Section 7: WIFA Staff Recommendations

### 7.1 Financial Assistance Terms and Conditions (*see Attachment A for greater detail*)

**Financial Assistance Amount:** \$2,358,450 with \$689,099 in forgivable principal

**Primary Repayment Source:** System Revenues

**Secondary Repayment Source:** Parent Support Agreement

**Loan Term:** 20 Years

**Frequency of Repayment:**

☐ Semi-Annual ☒ Monthly ☐ Other:

**Loan Structure:** Standard Non-governmental Level-1; Public Health Threat

**Debt Service Reserve Fund Requirements:**

☐ WIFA ☒ Local - *Separate* ☐ Local – *Not Separate* ☐ Surety ☐ None

**Repair and Replacement Fund Requirements:**

☒ Local - *Separate* ☐ Local – *Not Separate* ☐ None

**Requirements Prior to Loan Execution:**

**Require Legal Opinion:** ☒ Yes ☐ No

**Other:** No Requirement

**Requirements Prior to Construction:** No Requirement

**Requirement during Construction:** No Requirement

**Requirements Prior to Final Disbursements:** No Requirement

**Loan Category:**

☐ Qualified, Pledged      ☒ Qualified, Not Pledged      ☐ Not Qualified

**Policy Exceptions:** None

## 7.2 Technical Terms and Conditions

**Observation Schedule B:**

Observation 1: Upon borrower notification of construction commencement

Additional Observations: at least one site observation within each 12-month period

Final Observation: 80% construction budget disbursement

**Withholdings:**

10% (released after deliverables received) ☒ Yes      ☐ No

**Requirements Prior to Loan Execution:** No requirement.

**Requirements Prior to Construction:**

**Submittal of Construction Bids**      ☒ Yes      ☐ No

**Project Publicity/Signage**      ☒ Yes      ☐ No

**Other:** No requirement.

**Requirements during Construction:**

**Prior Review of Changes in Project Scope**      ☒ Yes      ☐ No

**Other:** No requirement.

**Requirements Prior to Releasing Withholdings:**

**10% Withholding**

**Require Plan of Operation**     X   Yes          No

**Require Final Approval**     X   Yes          No

**Other:** No requirement.

**Policy Exceptions:** None.

### 7.3 Additional Notice and Reporting Requirements

**Other:** Wage rate reporting requirements; Use of American Iron and Steel requirements

## Global Water - Rincon Water Company, Inc.

### Fiscal Impact of WIFA Financial Assistance

Total Requested.....	<b>\$2,358,450.00</b>
<b>Forgivable Principal.....</b>	<b>\$689,099.00</b>
WIFA Funded Amount (Loan Amount to be Repaid).....	<b>\$1,669,351.00</b>
Term.....	<b>20</b>
Combined Interest & Fee Rate	
Interest Rate Index.....	5.00%
Subsidy Rate Index.....	85.00%
Combined Interest & Fee Rate.....	<b>4.250%</b>
Year Principal Repayments Begin	<b>2</b>
Coverage Requirement.....	<b>20.00%</b>
Debt Service Reserve Requirement.....	<b>\$129,815.86</b>
# of Years Debt Service Reserve Funded.....	<b>5</b>
<b>Annual Level Debt Service Payments to WIFA.....</b>	<b>\$129,815.86</b>
<b>Annual Debt Service Reserve Deposit</b>	
Prior to Debt Service Reserve Requirement.....	25,963.17
<b>Annual Replacement Fund Deposit -- Held Locally</b>	
After Debt Service Reserve Requirement.....	25,963.17

#### Annual Fiscal Impact

Year	Annual Debt Service	Reserve Fund Deposit	Replacement Fund Deposit	Total Annual Fiscal Impact
1	70,947.42	25,963.17	0.00	96,910.59
2	129,815.86	25,963.17	0.00	155,779.03
3	129,815.86	25,963.17	0.00	155,779.03
4	129,815.86	25,963.17	0.00	155,779.03
5	129,815.86	25,963.17	0.00	155,779.03
6	129,815.86	0.00	25,963.17	155,779.03
7	129,815.86	0.00	25,963.17	155,779.03
8	129,815.86	0.00	25,963.17	155,779.03
9	129,815.86	0.00	25,963.17	155,779.03
10	129,815.86	0.00	25,963.17	155,779.03
11	129,815.86	0.00	25,963.17	155,779.03
12	129,815.86	0.00	25,963.17	155,779.03
13	129,815.86	0.00	25,963.17	155,779.03
14	129,815.86	0.00	25,963.17	155,779.03
15	129,815.86	0.00	25,963.17	155,779.03
16	129,815.86	0.00	25,963.17	155,779.03
17	129,815.86	0.00	25,963.17	155,779.03
18	129,815.86	0.00	25,963.17	155,779.03
19	129,815.86	0.00	25,963.17	155,779.03
20	129,815.86	0.00	25,963.17	155,779.03
	<b>\$2,537,448.76</b>	<b>\$129,815.86</b>	<b>\$389,447.58</b>	<b>\$3,056,712.20</b>

**Global Water - Rincon Water Company, Inc.**

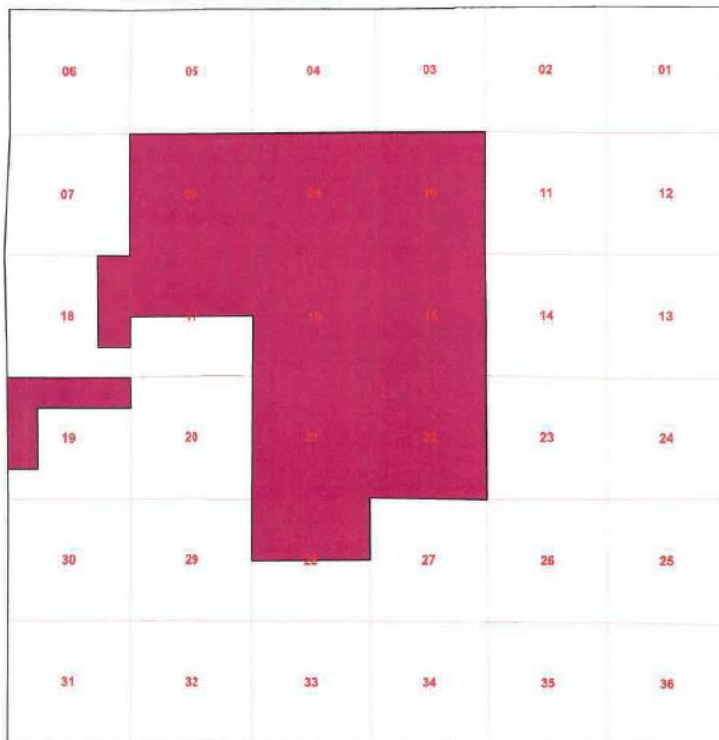
	2018	2019	2020	2021	2022	2019	2020	2021	2022
	Historical	Historical	Historical	Historical	Historical	%	%	%	%
<b>Revenues</b>									
Operations	35,515,000	35,471,000	38,627,000	41,914,000	45,596,000	0%	9%	9%	9%
Other Income	770,000	1,610,000	(175,000)	2,962,000	2,592,000	109%	-111%	-1793%	-12%
Interest Income	101,000	203,000	93,000	19,000	65,000	101%	-54%	-80%	242%
Total Revenues	36,386,000	37,284,000	38,545,000	44,895,000	48,253,000	2%	3%	16%	7%
<b>Expenses</b>									
Operating Expenditures	18,777,000	20,157,000	22,261,000	25,445,000	27,019,000	7%	10%	14%	6%
Maintenance Expenditures	-	-	-	-	-				
Other Expenditures	-	-	-	-	-				
Total Expenses	18,777,000	20,157,000	22,261,000	25,445,000	27,019,000	7%	10%	14%	6%
<b>Net Revenues Available for Debt Service</b>	17,609,000	17,127,000	16,284,000	19,450,000	21,234,000	-3%	-5%	19%	9%
<b>Prior Debt Service Surcharge</b>	-	-	-	-	-				
<b>Debt Service</b>									
Debt Service	1,726,549	1,726,549	1,726,549	3,626,549	3,626,549				
Total Debt Service	1,726,549	1,726,549	1,726,549	3,626,549	3,626,549				
<b>Revenues after Debt Service</b>	15,882,451	15,400,451	14,557,451	15,823,451	17,607,451				
<b>Current Debt Service Coverage</b>	10.20	9.92	9.43	5.36	5.86				

**Global Water - Rincon Water Company, Inc.**


	2023	2024	2025	2026	2027	2023	2024	2025	2026	2027
	Projected	Projected	Projected	Projected	Projected	%	%	%	%	%
<b>Revenues</b>										
Operations	46,963,880	48,372,796	49,823,980	51,318,700	52,858,261	3.00%	3.00%	3.00%	3.00%	3.00%
Other Income	2,669,760	2,749,853	2,832,348	2,917,319	3,004,838	3.00%	3.00%	3.00%	3.00%	3.00%
Interest Income	66,950	68,959	71,027	73,158	75,353	3.00%	3.00%	3.00%	3.00%	3.00%
Total Revenues	49,700,590	51,191,608	52,727,356	54,309,177	55,938,452	3.00%	3.00%	3.00%	3.00%	3.00%
<b>Expenses</b>										
Operating Expenditures	29,720,900	32,692,990	35,962,289	39,558,518	43,514,370	10.00%	10.00%	10.00%	10.00%	10.00%
Maintenance Expenditures	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A
Other Expenditures	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A
Total Expenses	29,720,900	32,692,990	35,962,289	39,558,518	43,514,370	10.00%	10.00%	10.00%	10.00%	10.00%
<b>Net Revenues Available for Debt Service</b>	19,979,690	18,498,618	16,765,067	14,750,659	12,424,082	-5.91%	-7.41%	-9.37%	-12.02%	-15.77%
<b>Debt Service Surcharge or Rate Increase</b>	-	-	-	-	-					
<b>Debt Service</b>										
Current Debt Service	3,626,549	3,626,549	3,626,549	3,626,549	3,626,549					
WIFA Proposed Debt Service	70,947	129,816	129,816	129,816	129,816					
Total Debt Service	3,697,496	3,756,365	3,756,365	3,756,365	3,756,365					
<b>Revenues after Debt Service</b>	16,282,194	14,742,253	13,008,702	10,994,294	8,667,717	-7.53%	-9.46%	-11.76%	-15.49%	-21.16%
<b>Projected Debt Service Coverage</b>	5.40	4.92	4.46	3.93	3.31					

**ATTACHMENT C – PROJECTED PERFORMANCE**

**RANGE 17 East**



 W-01723A (2)  
Rincon Water Company

 (2)  
Rincon Water Company  
Docket No. W-01723A-21-0095 and  
Rincon Water Company, Inc.  
Docket No. W-21150A-21-0096  
Application for Sale of Assets and Transfer  
CC&N to Rincon Water Company, Inc.

 Prepared by:  
Arizona Corporation Commission  
Utilities Division  
Engineering Section/GIS Mapping  
602-542-4251

# ATTACHMENT E – SYSTEM SCHEMATIC

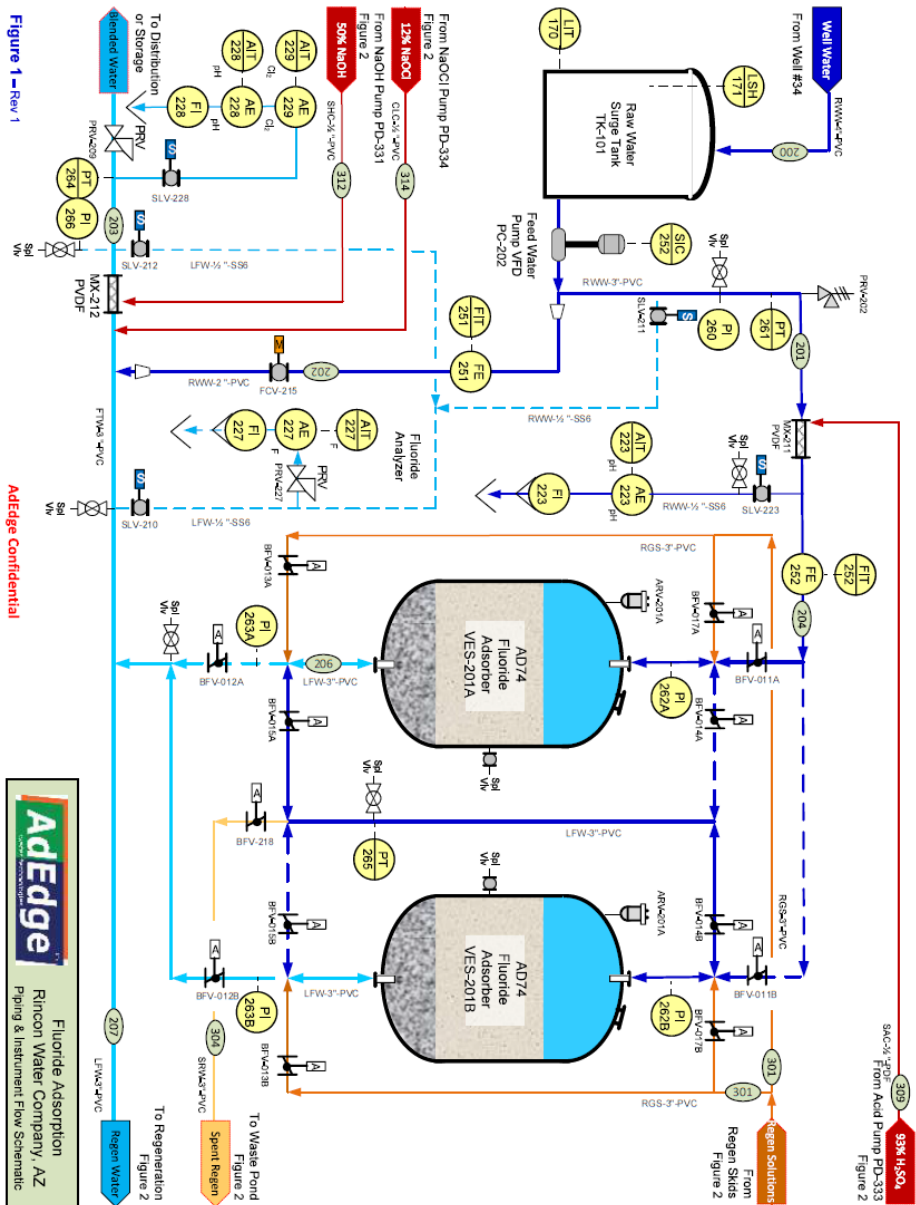


Figure 1 – Rev 1

AdEdge Confidential





Project Description	Company Proposed
Engineering and Bidding	\$172,850
Permitting	\$15,000
Habitat Migration	\$15,600
Owner Supplied Equipment	\$540,000
Construction	\$1,350,000
Construction Contingency (10%)	\$135,000
Construction Testing	\$55,000
Construction Management	\$75,000
<b>Total</b>	<b>\$2,358,450</b>

**AGENDA ITEM:**

Recommend Approval of Loan Resolution – 2023-045 and Due Diligence Summary CW 027-2023 – City of Casa Grande – CWSRF – \$8,103,235 – *Scott Connelly will lead the discussion*

**ACTION REQUIRED:**

Review, Discuss & Recommend Approval

**PREVIOUS ACTION:**

None

**STAFF CONTACT:**

Scott Connelly

**RECOMMENDED DISCUSSION TIME:**

5 Minutes

**ATTACHMENTS:**

- Loan Resolution – 2023-045 – City of Casa Grande
- Due Diligence CW 027-2023

**STAFF COMMENTS:**

None

# ***Loan Resolution 2023-045 – City of Casa Grande***

## ***Water Infrastructure Finance Authority of Arizona***

### **Section 1: Resolution**

WHEREAS, the Water Infrastructure Finance Authority of Arizona (the “*Authority*”) has received from City of Casa Grande (the “*Local Borrower*”) a request for a loan (the “*Loan*”); and

WHEREAS, the Authority has determined that the Local Borrower has met the requirements of Arizona Revised Statutes §49-1201 et seq. (the “*Act*”) and the rules promulgated thereunder (the “*Rules*”); and

WHEREAS, the terms and conditions under which a Loan will be made and the obligations of the Local Borrower will be set forth in a loan agreement or bond purchase agreement (the “*Loan Agreement*”) to be executed by the Local Borrower and the Authority.

NOW, THEREFORE BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE AUTHORITY AS FOLLOWS:

The Director of the Authority is hereby authorized and directed to execute a Loan Agreement with the Local Borrower to evidence a Loan in accordance with the Act, the Rules, the Local Borrower’s applications to the Authority, and the Project Summary detailed in Section 2 of this Loan Resolution.

The Director and other Authority officials, as appropriate, are authorized and directed to sign any document and take such actions as necessary and appropriate to consummate the transactions contemplated by this Resolution and the Loan Agreement and to ensure that the Local Borrower has completed all requirements of the Authority as detailed in Section 3, Section 4, and Section 5 of this Loan Resolution.

This Resolution shall take effect immediately and shall terminate one year from the date of Board Action.

Dated: May 17, 2023

By: \_\_\_\_\_  
Chairman

Attest: \_\_\_\_\_  
Director

# ***Loan Resolution 2023-045 – City of Casa Grande***

## ***Water Infrastructure Finance Authority of Arizona***

### **Section 2: Project Summary**

#### **2.1 Project Number(s)**

CW 027-2023

#### **2.2 Project Priority Data**

<u><b>PPL Rank*</b></u>	<u><b>Funding Cycle</b></u>	<u><b>Population Served</b></u>	<u><b>Subsidy Rate*</b></u>
11	CW 2023	53,658	85%

\*Per the proposed PPL to be presented for approval at the May 2023 WIFA Board meeting.

#### **2.3 Project Description(s)**

This loan will fund the installation of a large scale 2,050-kilowatt-dc solar photovoltaic (PV) array at the WRF which will provide a renewable energy source to the WRF.

#### **2.4 Previous Board or Committee Actions**

June 25, 2008 – Board approved Loan Resolution 2008-2019 to award \$64,193,990 Loan Numbers 910109A & B to the City of Casa Grande for a water reclamation facility expansion project.

#### **2.5 Federal Programs Committee Review Date**

April 2023

### **Section 3: Financial Assistance Terms & Conditions (Section 7.1 of Due Diligence)**

**Financial Assistance Amount:** \$8,103,235 with \$1,000,000 in forgivable principal

**Primary Repayment Source:** System Revenues

**Secondary Repayment Source:** None

**Loan Term:** 20 years

**Frequency of Repayment:** Semi-Annual

**Loan Structure:** Level 1-Governmental; Green Project

# ***Loan Resolution 2023-045 – City of Casa Grande***

## ***Water Infrastructure Finance Authority of Arizona***

**Debt Service Reserve Fund Requirements:** No Reserve

**Repair and Replacement Fund Requirements:** None

**Requirements Prior to Loan Execution:**

**Require Legal Opinion:** Yes

**Other:** No Requirement

**Requirements Prior to Construction:** No Requirement

**Requirement During Construction:** No Requirement

**Requirements Prior to Final Disbursements:** No Requirement

**Loan Category:** Qualified, Not Pledged

**Policy Exceptions:** None

### **Section 4: Technical Terms & Conditions** (Section 7.2 of Due Diligence)

**Observation Schedule B:**

Observation 1: Upon borrower notification of construction commencement

Additional Observations: at least one site observation within each 12 month period

Final Observation: 80% construction budget disbursement

**Withholding Percentage:**

50% (released after FSP certification received)

10% (released after deliverables received)

**Requirements Prior to Loan Execution:** No Requirement

**Requirements Prior to Construction:**

**Prior Review and Approval of Construction Bids:** Yes

**Require Construction Signs:** Yes

# ***Loan Resolution 2023-045 – City of Casa Grande***

## ***Water Infrastructure Finance Authority of Arizona***

The Local Borrower shall erect a construction sign displaying information on the Project and the funding sources. The Authority shall provide specifications for such construction signs.

**Other:** Yes

Compliance with the State Historic Preservation Act is required before the disbursement of construction related funds.

### **Requirements During Construction:**

**Prior Review of Changes in Project Scope:** Yes

The Local Borrower shall submit to the Authority, for review and approval prior to execution, any change to the plans and specifications, construction contracts, Eligible Project Costs, or any other change which will effect the performance standards or purpose of the Project.

**Other:** No Requirement

### **Requirements Prior to Releasing Withholdings:**

**Submission of Fiscal Sustainability Plan Certification:** Yes

**Submission of Fiscal Sustainability Plan:** No

### **10% Withholding**

### **Requirements Prior to Final Disbursements:**

**Require Plan of Operation:** Yes

**Require Final Approval:** Yes

**Other:** No Requirement

**Policy Exceptions:** None

## **Section 5: Additional Notice & Reporting Requirements** (Section 7.3 of Due Diligence)


**Other:** Wage rate reporting requirements; Use of American Iron and Steel requirements; Build America, Buy America Act requirements (if applicable).

**City of Casa Grande  
CW 027-2023**

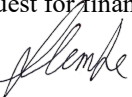
**Board Action:  
May 17, 2023**

**Project Status Committee Member Certifications:**

I have reviewed the application and financial documentation submitted by the applicant and have determined that the request for financial assistance satisfies the requirements for Board consideration.

Signature:  Title: Sr. Loan Officer Date: 4/7/2023

I have reviewed the application and technical documentation submitted by the applicant and have determined that the request for financial assistance satisfies the requirements for Board consideration.

Signature:  Title: Environmental Program Supervisor Date: 04/07/2023

**Director Certification:**

I have reviewed the staff analysis of the application and related documentation and have determined that the request for financial assistance satisfies the requirements for Board consideration.

Signature:  Date: 4/10/2023

## Section 1: Applicant Information

### 1.1 Name of Applicant

City of Casa Grande

### 1.2 Authorized Representative

Larry Rains, City Manager

### 1.3 Address

510 E Florence Blvd, Casa Grande, AZ 85122

### 1.4 Applicant Description

Type of Applicant: ☒ Governmental ☐ Non-Governmental

Type of Project: ☐ Drinking Water ☒ Wastewater

#### System Identification

AZPDES permit number: AZ0025178

APP permit number: P100419

### 1.5 Project Priority List

<u>PPL Rank*</u>	<u>Funding Cycle</u>	<u>Population Served</u>	<u>Subsidy*</u>
11	2023	53,658	85%

\* Per the proposed PPL to be presented for approval at the May 2023 WIFA Board meeting.

### 1.6 Previous Board Actions

June 25, 2008 – Board approved Loan Resolution 2008-2019 to award \$64,193,990 Loan Numbers 910109A & B to the City of Casa Grande for a water reclamation facility expansion project.

## Section 2: Project Information

### 2.1 Community Description

The City of Casa Grande is located about 40 miles south of Phoenix on Interstate 10. The population of the city is approximately 53,658 according to the 2020 census. The population increases about 10-15% during the winter months. About 80% of the population is made up of adults.



Many new industries are relocating to Casa Grande. The city will be expanding their wastewater treatment plant (WWTP) in the next five years to accommodate this growth. With the increase in industries not only does the industrial demand increase but also the need for housing which creates a multi-layered demand increase on water and wastewater due to residential and industrial customers.

The principal economic activities are supporting the farming community near Casa Grande, along with major employers from various industries.

## 2.2 Current Condition

The City of Casa Grande Water Reclamation Facility (WRF) receives domestic wastewater from residential, commercial, and industrial sources. Sludge is stabilized in an aerobic digester and then thickened or dewatered for land application or landfill disposal. The constructed design flow is 12 million gallon per day (mgd); however, the permitted design flow is limited to 6 mgd to ensure surface flows do not reach the Ak-Chin Indian Community approximately 8 miles away.

Currently, treated effluent from the WRF is reused for irrigation or discharged into the North Branch of the Santa Cruz Wash, and the remaining flow is pumped to on-site ponds. Discharge into the North Branch of the Santa Cruz Wash only occurs when the volume of treated effluent exceeds irrigation reuse demands.

### Type & Number of Connections

Type of Connection	Current	Prior Year	2 Years Prior	3 Years Prior	4 Years Prior
Residential	24,119	23,578	22,329	21,237	20,636
Commercial	1,991	1,971	1,878	1,872	1,867
Industrial	15	15	14	13	12
Other	102	102	102	102	102
<b>Total</b>	<b>26,227</b>	<b>25,666</b>	<b>24,323</b>	<b>23,224</b>	<b>22,617</b>

## 2.3 Problem

With the long-term cost of electricity rising, the City has been evaluating energy consumption for several years as an effort to become more conscious and fiscally responsible. The City has already incorporated several green energy elements for savings across multiple locations. To date, the City has installed solar at 7 sites which are all preforming up to 10% above initial estimates. The City would like to continue energy conservation and carbon reduction by installing solar photovoltaic (PV) array at the WRF.

## 2.4 Solution

The City of Casa Grande proposes to install a large scale 2,050-kilowatt-dc solar photovoltaic (PV) array at the WRF which will provide a renewable energy source to the WRF. This project touches on multiple aspects of the City's strategic planning initiatives and focus areas by continuing to forward community enhancement, quality of life infrastructure, and financial stability and sustainability.

The WRF currently uses 9,253,800 kilowatts-hours (kWh) of electricity each year. The new solar PV system will produce 3,900,000 kWh, offsetting 42% of electric consumption at the WRF. The solar array will be installed in a 7.5-acre area, directly adjacent to the WRF.

The anticipated life expectancy of the project is over 30 years.

This project categorically qualifies for the Green Project Reserve (GPR) within the energy efficiency category (GPR Environmental Protection Agency (EPA) DW guidance, 3.2-1 Renewable energy projects). 100% of the project costs are to design and install the solar PV system.

## 2.5 Funding Sources and Uses

Uses by Budget Item	WIFA Funding	Local Funding	Other: _____	Total By Use
Planning	\$16,900			\$16,900
Design & Engineering	\$323,453			\$323,453
Legal/Debt Authorization				
Financial Advisor				
Land/System Acquisition				
Equipment/Materials	\$5,094,391			\$5,094,391
Construction/Installation/Improvement	\$1,859,857			\$1,859,857
Inspection & Construction Management	\$56,6043			\$56,6043
Project Officer				
Administration	\$202,158			\$202,158
Staff Training	\$40,433			\$40,433
Capitalized Interest				
Other - Contingency				
Total by Source	\$8,103,235			
Total for Project				\$8,103,235

Construction Costs Reasonable?   X   Yes        No        N/A

Congressional District(s)	<u>7,6,2</u>
Legislative District(s)	<u>16</u>

Significant Findings in Legal Structure Review?	X	No	Yes
---	---	----	-----

Debt Authorized    X    Yes            No, Scheduled:

City Council passed and adopted Resolution No. 5516 on February 21, 2023 authorizing the application for a WIFA Clean Water Revolving Fund Green Project loan.

Significant Findings in Debt Authorization Review?	X	No	Yes
--	---	----	-----

## 4.1 Managerial Review

By-laws, rate ordinances, and connection ordinances in place?	X	Yes	No
---	---	-----	----

Does the organization have an established accounting/bookkeeping system? X    Yes        No

Are terms of officials staggered?	X	Yes	No
-----------------------------------	---	-----	----

Is there a history of (or pending) recalls or removals of officials? ☒ No ☐ Yes

Individual responsible for managing the proposed design or construction project:  
 System Manager      Officer of the Organization      X      Other:

Project manager experienced in managing similar design or construction projects?

☒ Yes ☐ No

Kevin Louis, Public Works Director has over 20 years of management and executive level management experience in the public sector.

Larry Rains, City Manager, has over 20 years of executive level public sector experience in the capacities of Finance Director, Deputy City Manager, and Currently holding the title of City Manager. Role in this project will be primarily oversight in combination with the Public Works Director and Wastewater staff.

Mackenzie Letcher, Assistant to the City Manager, has over 5 years of combined progressively responsible public sector experience including project management. Role in this project will be primarily focused on assisting, project coordination, and point of contact between the consultant Veregy and City staff.

The City of Casa Grande is also employing Veregy to design and construct the new solar PV system. Veregy is a large commercial solar PV contractor and has a decade of project development and management experience.

Individual responsible for day-to-day management of the system:

☐ System Manager ☐ Officer of the Organization ☒ Other:

Day-to-day manager experienced in managing this or similar systems? ☒ Yes ☐ No

Kimberly Owensby is the Wastewater Superintendent for the WRF and Clifton Sanders is the Chief Water/Wastewater Treatment Plant Operator and will coordinate the solar PV system installation with plant operations.

#### 4.2 Potential Management Impacts

Significant management impacts as the result of the proposed project? ☒ No ☐ Yes

Managerial impact because of any current or past litigation? ☒ No ☐ Yes

#### 4.3 Consultant Capacity

Significant findings in consultant capacity review? ☒ No ☐ Yes

#### 4.4 Conclusions

Management History: ☒ Stable ☐ Unstable

Management Structure: ☒ Satisfactory ☐ Unsatisfactory

Significant Findings in Managerial Review? ☒ No ☐ Yes

## Section 5: Technical Capability

### 5.1. Technical Review

Compliance Status:   X   Significant Compliance        Significant *Non*-Compliance

Recent Inspection:   X   Significant Compliance        Significant *Non*-Compliance

Operators certified at appropriate level?   X   Yes        No

Name	Title	Certification Grade	Total Years Experience	Time in Position
Clifton Sanders	Chief WWTP Operator	4 - Wastewater 4 - Collection	21+	4 years

Description of operating impacts due to project technology?

WRF operators will have 4 hours of training on how to operate and maintain the solar PV system.

Additional comments on technical capability?   X   No        Yes

Significant findings in Technical Review?   X   No        Yes

### 5.2. Readiness to Proceed

#### Project Development Milestones:

Task	Scheduled Date
Planning, Design & Specifications Completion	February 2023
Approval to Construct	May 2023
Advertisement for Bids	December 2022
Construction Commencement	May 2023
Approval of Construction Completion	December 2023
Initiate Operation	December 2023

Licenses/Permits	Date Expected/Approved
Approval to Construct (ATC)	May 2023
Discharge Authorization (ADEQ) / Approval of Construction (AOC)	December 2023

### 5.3. Environmental Review

- ☐ Not Applicable – For Planning Financial Assistance Only  
☒ Categorical Exclusion  
☐ Environmental Assessment – Finding of No Significant Impact  
☐ Environmental Assessment – Environmental Impact Statement

The State Historic Preservation Office (SHPO) recommends a qualified archaeologist conduct a Class III pedestrian survey to identify previous sites, surveys, monitoring, and testing and data recovery projects in the project area. Therefore, compliance with the State Historic Preservation Act is required before the disbursement of construction related funds.

In accordance with WIFA Procedure II.4.1, WIFA's Director has approved up to \$50,000 in Technical Assistance to fund the Class III pedestrian survey.

## Section 6: Financial Capability *(see Attachments A, B and C for detail)*

**Credit Rating:** N/A: ☒ Fitch: \_\_\_\_\_ Moody's: \_\_\_\_\_ S&P: \_\_\_\_\_

### **Historical Performance** *(See Attachment B for greater detail):*

To perform the historical analysis of the City of Casa Grande (CCG), WIFA staff reviewed certified audited financial reports for FY2018 through FY2022. CCG currently has one loan with WIFA secured by wastewater system revenues.

#### Loan Agreement

Loan No. 910109-09B; *Maturing April 1, 2029*

Over the five years reviewed, CCG net revenues exceeded the required 1.5x for a level one security debt service coverage (DSC) for all five years ranging from 3.20 to 3.73. The city was required to submit single audit reports for the last three years and over the last three years there were no significant findings.

### **Projected Performance** *(See Attachment A for greater detail):*

For the next five years CCG is expected to exceed the 1.5x DSC for all years ranging from 2.92 to 2.98. To project revenues, WIFA staff increased revenues by 2% from FY2022 to FY2023 and then annually after through FY 2027. For expenditures, WIFA staff increased them from FY2022 to FY2023 by 4% and then annually after that through FY2027. With this approach, the city is expected to exceed the DSC as required by WIFA for a level one security.

WIFA Staff recommends \$1,000,000 in forgivable principal. WIFA Procedure III.20.1 (Additional Subsidy Procedure) guides the amount of forgivable principal a green project and disadvantage community may be eligible to receive. The proposed project does not resolve a public health threat but with being a Colonia, the project qualifies as a Disadvantage Community (WIFA Policy III.6)

## Section 7: WIFA Staff Recommendations

### 7.1 Financial Assistance Terms and Conditions (*see Attachment B for greater detail*)

**Financial Assistance Amount:** \$8,103,235 with \$1,000,000 in forgivable principal

**Primary Repayment Source:** Wastewater System Revenues

**Secondary Repayment Source:** None

**Loan Term:** 20 years

**Frequency of Repayment:**

☒ Semi-Annual    ☐ Monthly    ☐ Other:

**Loan Structure:** Level 1-Governmental; Green Project

**Debt Service Reserve Fund Requirements:**

☐ WIFA    ☐ Local - *Separate*    ☐ Local – *Not Separate*    ☐ Surety    ☒ None

**Repair and Replacement Fund Requirements:**

☐ Local - *Separate*    ☐ Local – *Not Separate*    ☒ None

**Requirements Prior to Loan Execution:**

**Require Legal Opinion:**    ☒ Yes    ☐ No

**Other:** None

**Requirements Prior to Construction:** No Requirements

**Requirement during Construction:** No Requirements

**Requirements Prior to Final Disbursements:** No Requirements

**Loan Category:**

☐ Qualified, Pledged      ☒ Qualified, Not Pledged      ☐ Not Qualified

**Policy Exceptions:** None

## 7.2 Technical Terms and Conditions

**Observation Schedule B:**

Observation 1: Upon borrower notification of construction commencement

Additional Observations: at least one site observation within each 12-month period

Final Observation: 80% construction budget disbursement

**Withholdings:**

50% (released after FSP certification received)

☒ Yes      ☐ No

10% (released after deliverables received) ☒ Yes      ☐ No

**Requirements Prior to Loan Execution:** None.

**Requirements Prior to Construction:**

**Submittal of Construction Bids**      ☒ Yes      ☐ No

**Project Publicity/Signage**      ☒ Yes      ☐ No

**Other:** Compliance with the State Historic Preservation Act is required before the disbursement of construction related funds.

**Requirements during Construction:**

**Prior Review of Changes in Project Scope**      ☒ Yes      ☐ No

**Other:** None.



**Requirements Prior to Releasing Withholdings:**

**Submission of Fiscal Sustainability Plan Certification** ☒ Yes ☐ No

**Submission of Fiscal Sustainability Plan** ☐ Yes ☒ No

**10% Withholding**

**Require Plan of Operation** ☒ Yes ☐ No

**Require Final Approval** ☒ Yes ☐ No

**Other:** None.

**Policy Exceptions:** None.

**7.3 Additional Notice and Reporting Requirements**

**Other:** Wage rate reporting requirements; Use of American Iron and Steel requirements; Build America, Buy America Act requirements (if applicable).

## City of Casa Grande

### Fiscal Impact of WIFA Financial Assistance

Total Requested.....	<b>\$8,103,235.00</b>
<b>Forgivable Principal.....</b>	<b>\$ 1,000,000.00</b>
WIFA Funded Amount (Loan Amount to be Repaid).....	<b>\$7,103,235.00</b>
Term.....	<b>20</b>
Combined Interest & Fee Rate	
Interest Rate Index.....	4.00%
Subsidy Rate Index.....	85.00%
Combined Interest & Fee Rate.....	<b>3.400%</b>
Year Principal Repayments Begin	<b>1</b>
Coverage Requirement.....	<b>0.00%</b>
Debt Service Reserve Requirement.....	<b>\$0.00</b>
# of Years Debt Service Reserve Funded.....	<b>0</b>
 <b>Annual Level Debt Service Payments to WIFA.....</b>	 <b>\$495,279.66</b>
 <b>Annual Debt Service Reserve Deposit</b>	
Prior to Debt Service Reserve Requirement.....	0.00
 <b>Annual Replacement Fund Deposit -- Held Locally</b>	
After Debt Service Reserve Requirement.....	0.00

#### Annual Fiscal Impact

Year	Annual Debt Service	Reserve Fund Deposit	Replacement Fund Deposit	Total Annual Fiscal Impact
1	495,279.66		0.00	495,279.66
2	495,279.66	0.00	0.00	495,279.66
3	495,279.66	0.00	0.00	495,279.66
4	495,279.66	0.00	0.00	495,279.66
5	495,279.66	0.00	0.00	495,279.66
6	495,279.66	0.00	0.00	495,279.66
7	495,279.66	0.00	0.00	495,279.66
8	495,279.66	0.00	0.00	495,279.66
9	495,279.66	0.00	0.00	495,279.66
10	495,279.66	0.00	0.00	495,279.66
11	495,279.66	0.00	0.00	495,279.66
12	495,279.66	0.00	0.00	495,279.66
13	495,279.66	0.00	0.00	495,279.66
14	495,279.66	0.00	0.00	495,279.66
15	495,279.66	0.00	0.00	495,279.66
16	495,279.66	0.00	0.00	495,279.66
17	495,279.66	0.00	0.00	495,279.66
18	495,279.66	0.00	0.00	495,279.66
19	495,279.66	0.00	0.00	495,279.66
20	495,279.66	0.00	0.00	495,279.66
	<b>\$9,905,593.27</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$9,905,593.27</b>

## City of Casa Grande

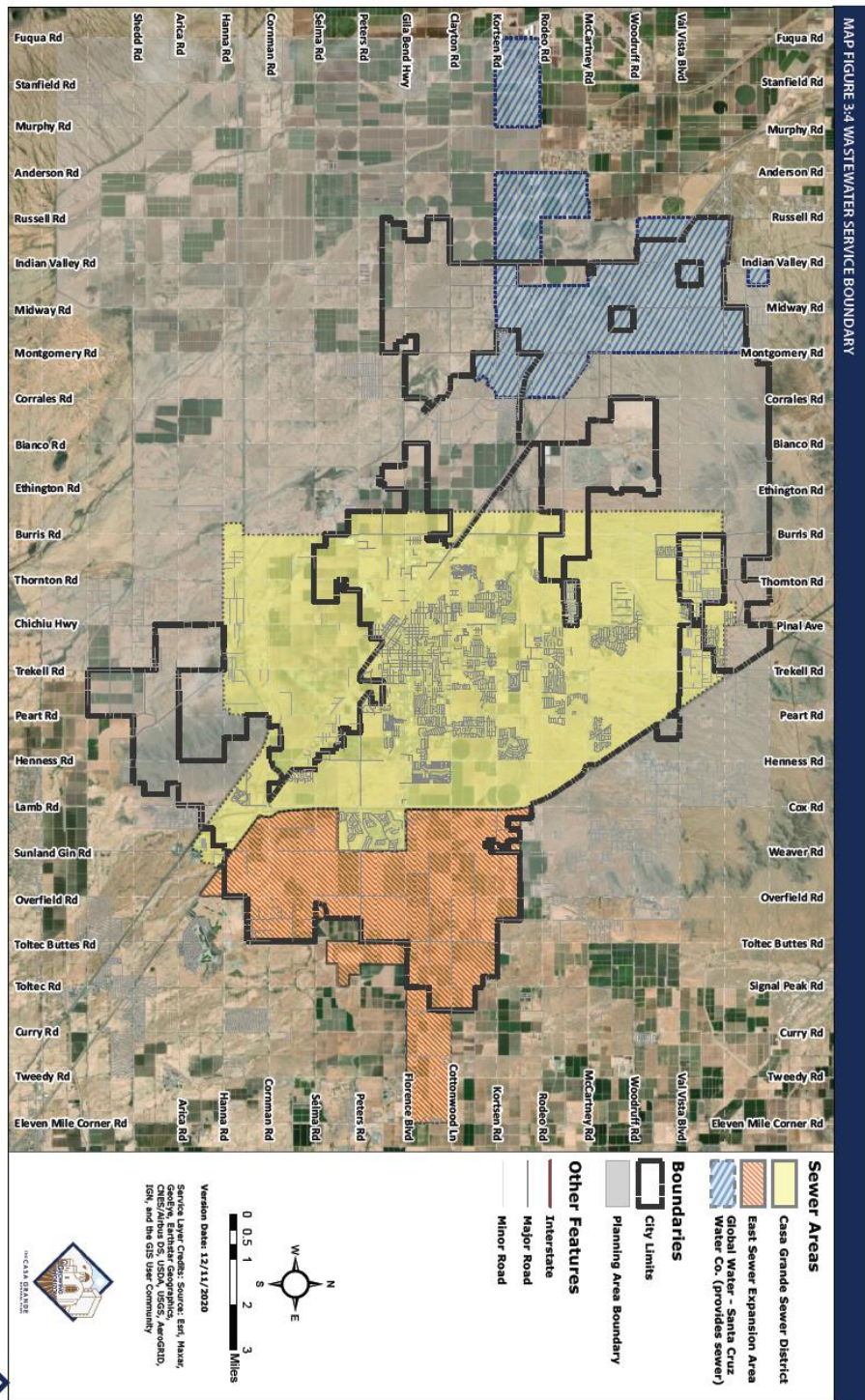
	2018	2019	2020	2021	2022	2019	2020	2021	2022
	Historical	Historical	Historical	Historical	Historical	%	%	%	%
<b>Revenues</b>									
Operations	10,754,316	10,994,933	10,531,853	11,112,182	11,766,051	2%	-4%	6%	6%
Other Income	-	126,631	365,125	349,835	87,605		188%	-4%	-75%
Interest Income	70,665	148,525	315,959	69,767	21,492	110%	113%	-78%	-69%
Total Revenues	10,824,981	11,270,089	11,212,937	11,531,784	11,875,148	4%	-1%	3%	3%
<b>Expenses</b>									
Operating Expenditures	4,321,753	4,146,371	5,104,007	4,751,616	4,877,484	-4%	23%	-7%	3%
Maintenance Expenditures	-	-	-	-	-				
Other Expenditures	109,751	-	713	-	-	-100%	-100%	-100%	-100%
Total Expenses	4,431,504	4,146,371	5,104,720	4,751,616	4,877,484	-6%	23%	-7%	3%
<b>Net Revenues Available for Debt Service</b>	6,393,477	7,123,718	6,108,217	6,780,168	6,997,664	11%	-14%	11%	3%
<b>Prior Debt Service Surcharge</b>	-	-	-	-	-				
<b>Debt Service</b>									
Debt Service	1,908,157	1,908,157	1,908,157	1,908,157	1,908,157				
Total Debt Service	1,908,157	1,908,157	1,908,157	1,908,157	1,908,157				
<b>Revenues after Debt Service</b>	4,485,320	5,215,561	4,200,060	4,872,011	5,089,507				
<b>Current Debt Service Coverage</b>	3.35	3.73	3.20	3.55	3.67				

**City of Casa Grande**

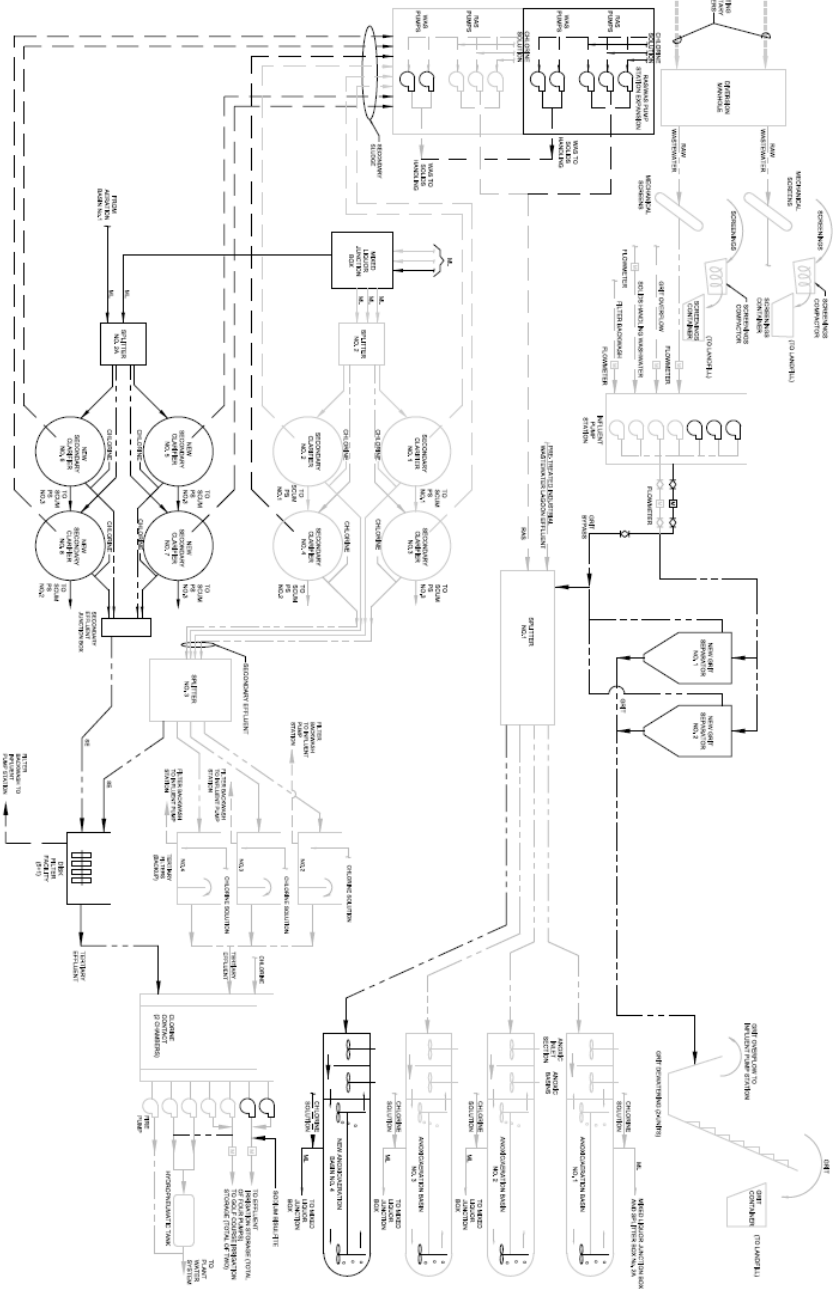
	2023	2024	2025	2026	2027	2023	2024	2025	2026	2027
	Projected	Projected	Projected	Projected	Projected	%	%	%	%	%
<b>Revenues</b>										
Operations	12,001,372	12,241,399	12,486,227	12,735,952	12,990,671	2.00%	2.00%	2.00%	2.00%	2.00%
Other Income	89,357	91,144	92,967	94,826	96,723	2.00%	2.00%	2.00%	2.00%	2.00%
Interest Income	-	-	-	-	-	-100.00%	N/A	N/A	N/A	N/A
Total Revenues	12,090,729	12,332,544	12,579,195	12,830,778	13,087,394	1.82%	2.00%	2.00%	2.00%	2.00%
<b>Expenses</b>										
Operating Expenditures	5,072,583	5,275,487	5,486,506	5,705,966	5,934,205	4.00%	4.00%	4.00%	4.00%	4.00%
Maintenance Expenditures	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A
Other Expenditures	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A
Total Expenses	5,072,583	5,275,487	5,486,506	5,705,966	5,934,205	4.00%	4.00%	4.00%	4.00%	4.00%
<b>Net Revenues Available for Debt Service</b>	7,018,146	7,057,057	7,092,688	7,124,812	7,153,189	0.29%	0.55%	0.50%	0.45%	0.40%
<b>Debt Service Surcharge or Rate Increase</b>	-	-	-	-	-					
<b>Debt Service</b>										
Current Debt Service	1,908,157	1,908,157	1,908,157	1,908,157	1,908,157					
WIFA Proposed Debt Service	495,280	495,280	495,280	495,280	495,280					
Total Debt Service	2,403,437	2,403,437	2,403,437	2,403,437	2,403,437					
<b>Revenues after Debt Service</b>	4,614,709	4,653,620	4,689,251	4,721,375	4,749,752	-9.33%	0.84%	0.77%	0.69%	0.60%
<b>Projected Debt Service Coverage</b>	2.92	2.94	2.95	2.96	2.98					

**ATTACHMENT C – PROJECTED PERFORMANCE**

# ATTACHMENT D – SERVICE AREA



# ATTACHMENT E – SYSTEM SCHEMATIC



PHASE 3 EXPANSION  
LIQUID STREAM PROCESS FLOW DIAGRAM

Casa Grande Solar PV Project Cost Summary			
Line	Description	Cost	Notes
1	Solar PV - Geo-tech, site & general conditions, grading & fencing	\$990,216	
2	Solar PV - Structural Steel / Racking	\$1,544,160	AIS Steel
3	Solar PV - Panels	\$2,135,219	ZnShine - Not BABA compliant
4	Solar PV - Inverters	\$517,113	CPS - Made in USA
5	Solar PV - Diagnostics / Reporting	\$25,684	
6	Solar PV - Electric & Install	\$2,852,316	AIS compliant, Davis Bacon
7	Solar PV - Start-up & Commissioning	\$38,527	
Total cost for Solar PV Install -		\$8,103,235	

**AGENDA ITEM:**

Recommend Approval of Loan Resolution 2023-046 and Due Diligence Summary DW 016-2023 – Town of Cave Creek – DWSRF – \$13,190,000 – *Scott Connelly will lead the discussion*

**ACTION REQUIRED:**

Review, Discuss & Recommend Approval

**PREVIOUS ACTION:**

None

**STAFF CONTACT:**

Scott Connelly

**RECOMMENDED DISCUSSION TIME:**

5 Minutes

**ATTACHMENTS:**

- Loan Resolution – 2023-046– Town of Cave Creek
- Due Diligence DW 016-2023

**STAFF COMMENTS:**

None



# ***Loan Resolution 2023-046 – Town of Cave Creek***

## ***Water Infrastructure Finance Authority of Arizona***

### **Section 1: Resolution**

WHEREAS, the Water Infrastructure Finance Authority of Arizona (the “*Authority*”) has received from Town of Cave Creek, (the “*Local Borrower*”) a request for a loan (the “*Loan*”); and

WHEREAS, the Authority has determined that the Local Borrower has met the requirements of Arizona Revised Statutes §49-1201 et seq. (the “*Act*”) and the rules promulgated thereunder (the “*Rules*”); and

WHEREAS, the terms and conditions under which a Loan will be made and the obligations of the Local Borrower will be set forth in a loan agreement or bond purchase agreement (the “*Loan Agreement*”) to be executed by the Local Borrower and the Authority.

NOW, THEREFORE BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE AUTHORITY AS FOLLOWS:

The Director of the Authority is hereby authorized and directed to execute a Loan Agreement with the Local Borrower to evidence a Loan in accordance with the Act, the Rules, the Local Borrower’s applications to the Authority, and the Project Summary detailed in Section 2 of this Loan Resolution.

The Director and other Authority officials, as appropriate, are authorized and directed to sign any document and take such actions as necessary and appropriate to consummate the transactions contemplated by this Resolution and the Loan Agreement and to ensure that the Local Borrower has completed all requirements of the Authority as detailed in Section 3, Section 4, and Section 5 of this Loan Resolution.

This Resolution shall take effect immediately and shall terminate one year from the date of Board Action.

Dated: May 17, 2023

By: \_\_\_\_\_  
Chairman

Attest: \_\_\_\_\_  
Director

# ***Loan Resolution 2023-046 – Town of Cave Creek***

## ***Water Infrastructure Finance Authority of Arizona***

### **Section 2: Project Summary**

#### **2.1 Project Number(s)**

DW 016-2023

#### **2.2 Project Priority Data**

<u>PPL Rank*</u>	<u>Funding Cycle</u>	<u>Population Served</u>	<u>Subsidy Rate*</u>
45	DW 2023	5,986	85%

\* Per the proposed PPL to be presented for approval at the May 2023 WIFA Board meeting.

#### **2.3 Project Description(s)**

The loan will fund the construction of a new interconnect site. The town will also need to make distribution system improvements to incorporate the new site into the existing system.

The proposed interconnect project will include the following scope items:

- 1-million-gallon prestressed concrete reservoir
- Aeration system and mixers for Total Trihalomethanes removal
- Sodium hypochlorite storage and metering for disinfection
- Dual zone booster station for connection to the existing distribution system
- Pre-manufactured electrical building and emergency standby generator
- 8-foot-high wall around the equipment area
- Landscape berms to shield the site from neighboring properties

The project will also remove an existing Pressure Reducing Valve (PRV) site in Cave Creek Road and modify the existing Neary reservoir and booster site. These improvements will allow the town to move treated Phoenix CAP water throughout the entire distribution system.

WIFA staff recommends \$50,000 in technical assistance to perform a Class III pedestrian survey and Environmental Assessment.

#### **2.4 Previous Board or Committee Actions**

September 15, 2010 – Board adopted Loan Resolution No. 2011-002 for \$1,400,000 (CCWS – Loan No. 920205-11) to the Town of Cave Creek for water line replacement.

October 14, 2009 – Board adopted Loan Resolution No. 2010-015 for \$235,000 (DHWS – Loan No. 920185; closing date December 18, 2009) to the Town of Cave Creek for arsenic treatment.

# ***Loan Resolution 2023-046 – Town of Cave Creek***

## ***Water Infrastructure Finance Authority of Arizona***

March 5, 2008 - Board adopted Loan Resolution No. 2008-010 for \$5,500,000 (CCWS - Loan No. 920138-08; closing date April 18, 2008) to the Town of Cave Creek for water system improvements.

April 18, 2007 – Board adopted Loan Resolution #2007-008 for \$20,100,000 (Loan #920120-07; closing date June 8, 2007) to the Town of Cave Creek for the acquisition of Cave Creek Water Company.

February 21, 2007 – Board adopted Loan Resolution #2007-004 for \$6,620,000 (Loan # 920117-07; closing date May 29, 2007) to the Town of Cave Creek for the acquisition of Desert Hills Water Company.

February 15, 2006 – Board adopted Loan Resolution #2006-001 for \$6,500,000 (Loan # 910084-07) to the Town of Cave Creek for their WWTP.

October 14, 1997 – Board adopted Loan Resolution #97-008 for \$2,700,000 (Loan # 910028-98) to the Town of Cave Creek for their WWTP.

### **2.5 Federal Programs Committee Review Date**

April 2023

## **Section 3: Financial Assistance Terms & Conditions** (Section 7.1 of Due Diligence)

**Financial Assistance Amount:** \$13,190,000 with \$1,012,500 in forgivable principal

**Primary Repayment Source:** Cave Creek Water System Revenue

**Secondary Repayment Source:** None

**Loan Term:** 30 years

**Frequency of Repayment:** Semi-Annual

**Loan Structure:** Standard Governmental Level-2

**Debt Service Reserve Fund Requirements:** Local, No Separate Account

**Repair and Replacement Fund Requirements:** Local, No Separate Account

# ***Loan Resolution 2023-046 – Town of Cave Creek***

## ***Water Infrastructure Finance Authority of Arizona***

**Requirements Prior to Loan Execution:** No Requirement

**Require Legal Opinion:** Yes

**Other:** No Requirement

**Requirements Prior to Construction:** No Requirement

**Requirement During Construction:** No Requirement

**Requirements Prior to Final Disbursements:** No Requirement

**Loan Category:** Qualified, Not Pledged

**Policy Exceptions:** None

### **Section 4: Technical Terms & Conditions** (Section 7.2 of Due Diligence)

#### **Observation Schedule B:**

Observation 1: Upon borrower notification of construction commencement

Additional Observations: at least one site observation within each 12 month period

Final Observation: 80% construction budget disbursement

**Withholding Percentage:** 10% (released after deliverables received)

#### **Requirements Prior to Loan Execution:** Yes

The Town of Cave Creek is in the process of completing its Environmental Assessment. WIFA anticipates that a Finding of No Significant Impact may be issued after the Environmental Assessment is completed. A 30-day public comment period will then be required before loan execution.

#### **Requirements Prior to Construction:**

**Submittal of Construction Bids:** Yes

**Public Publicity/Signage:** Yes

The Local Borrower shall erect a construction sign displaying information on the Project and the funding sources. The Authority shall provide specifications for such construction signs.

**Other:** No Requirement

# ***Loan Resolution 2023-046 – Town of Cave Creek***

## ***Water Infrastructure Finance Authority of Arizona***

### **Requirements During Construction:**

**Prior Review of Changes in Project Scope:** Yes

The Local Borrower shall submit to the Authority, for review and approval prior to execution, any change to the plans and specifications, construction contracts, Eligible Project Costs, or any other change which will effect the performance standards or purpose of the Project.

**Other:** No Requirement

### **Requirements Prior to Releasing Withholdings:**

**Require Plan of Operation:** Yes

**Require Final Approval:** Yes

**Other:** No Requirement

**Policy Exceptions:** None

## **Section 5: Additional Notice & Reporting Requirements** (Section 7.3 of Due Diligence)


**Other:** Wage rate reporting requirements; Use of American Iron and Steel requirements. Build America, Buy America Act requirements (if applicable).

# **Town of Cave Creek DW 016-2023**

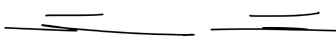
## **Board Action: May 17, 2023**

### **Project Status Committee Member Certifications:**

I have reviewed the application and financial documentation submitted by the applicant and have determined that the request for financial assistance satisfies the requirements for Board consideration.

Signature:  Title: Financial Services Director Date: 04/06/2023

I have reviewed the application and technical documentation submitted by the applicant and have determined that the request for financial assistance satisfies the requirements for Board consideration.

Signature:  Title: Environmental Program Specialist Date: 04/07/2023

### **Director Certification:**

I have reviewed the staff analysis of the application and related documentation and have determined that the request for financial assistance satisfies the requirements for Board consideration.

Signature:  Date: 04/12/2023

## Section 1: Applicant Information

### 1.1 Name of Applicant

# Town of Cave Creek

## 1.2 Authorized Representative

Carrie Dyrek, Town Manager

### 1.3 Address

37622 N Cave Creek Road, Cave Creek, AZ 85331

## 1.4 Applicant Description

Type of Applicant:   X   Governmental        Non-Governmental

Type of Project:      ☒ Drinking Water      ☐ Wastewater

## System Identification

PWS Number: AZ0407016

Community or Non-Community System: Community

## 1.5 Project Priority List

<b><u>PPL Rank*</u></b>	<b><u>Funding Cycle</u></b>	<b><u>Population Served</u></b>	<b><u>Subsidy*</u></b>
45	2023	5,986	85%

\* Per the proposed PPL to be presented for approval at the May 2023 WIFA Board meeting.

## 1.6 Previous Board Actions

September 15, 2010 – Board adopted Loan Resolution No. 2011-002 for \$1,400,000 (CCWS – Loan No. 920205-11) to the Town of Cave Creek for water line replacement.

October 14, 2009 – Board adopted Loan Resolution No. 2010-015 for \$235,000 (DHWS – Loan No. 920185; closing date December 18, 2009) to the Town of Cave Creek for arsenic treatment.

March 5, 2008 - Board adopted Loan Resolution No. 2008-010 for \$5,500,000 (CCWS - Loan No. 920138-08; closing date April 18, 2008) to the Town of Cave Creek for water system improvements.

April 18, 2007 – Board adopted Loan Resolution #2007-008 for \$20,100,000 (Loan #920120-07; closing date June 8, 2007) to the Town of Cave Creek for the acquisition of Cave Creek Water Company.

February 21, 2007 – Board adopted Loan Resolution #2007-004 for \$6,620,000 (Loan # 920117-07; closing date May 29, 2007) to the Town of Cave Creek for the acquisition of Desert Hills Water Company.

February 15, 2006 – Board adopted Loan Resolution #2006-001 for \$6,500,000 (Loan # 910084-07) to the Town of Cave Creek for their WWTP.

October 14, 1997 – Board adopted Loan Resolution #97-008 for \$2,700,000 (Loan # 910028-98) to the Town of Cave Creek for their WWTP.

## **Section 2: Project Information**

### **2.1 Community Description**

The Town of Cave Creek was settled in 1870 and was incorporated on the 8th day of July 1986. At the time of incorporation, the town encompassed twenty-five (25) square miles and had a population of approximately 2,300. Currently, the town encompasses approximately thirty-eight (38) square miles and has a population of 4,892 per the 2020 census. The town is located in northern Maricopa County. It is bounded by the Tonto National Forest to the north, City of Phoenix to the south, Town of Carefree to the east, Scottsdale to the southeast, and various parts of unincorporated Maricopa County to the west.

The town's commercial core is located along Cave Creek Road which contains shopping, bars, restaurants, museums, etc. The southern boundary is Carefree Highway, which is an area of higher density retail development. However, most of the town's area is made up of low-density residential homes and a significant amount of natural open space preservation areas. The main portion of the population is represented by year-round retired and family residents. The town has one resort/golf course, hosts an annual bike week event, and is well known for its hiking trails and rodeo events. The principal employers are Wal-Mart, Dos Amigos Investments, Sprouts Farmers Market, and Harold's Restaurant. In addition, Spur Cross Ranch is known for its unusual cacti, stone formations, and hundreds of pre-historic Hohokam tribal artifacts.

### **2.2 Current Condition**

The Cave Creek Water System covers approximately 11.3 square miles within the town's municipal boundary. In addition, Cave Creek provides up to 70 % of the water needed for the Desert Hills Water System covers approximately 7.3 square miles of unincorporated Maricopa County to the west of the town's municipal limits. Carefree Water Company is in an intergovernmental agreement for water treatment and delivery from Cave Creek water system. Cave Creek has two storage tanks, one treatment plant, a well, a sampling station, distribution system, and intake. The system is in fair to good condition.



## Type & Number of Connections

Type of Connection	Current	Prior Year	2 Years Prior	3 Years Prior	4 Years Prior
Residential	4,588	4,524	4,423	4,328	4,202
Commercial	235	208	206	192	190
Industrial	0	0	0	0	0
Other	23	19	20	33	33
Total	4,846	4,751	4,649	4,553	4,425

### 2.3 Problem

The raw Central Arizona Project (CAP) water must be pumped up a single 12-mile pipeline with four inline booster stations to reach the town's water treatment plant. A single disruption like a break in the CAP pipeline or a pump station failure can have an immediate impact on the Town's ability to provide water. The town is only able to store a limited amount of treated water in reservoirs due to water quality issues. This lack of storage capacity further increases the importance of ensuring that the CAP pipeline and boosters remain operational with no major outages.

### 2.4 Solution

In 2019, Cave Creek entered into an Intergovernmental Agreement (IGA) with the City of Phoenix. The IGA allows Phoenix to divert, treat and transport a portion of Cave Creek's CAP allocation. The agreement is currently limited to Phoenix providing 1.4 million gallons per day (MGD), which is about half of the Town's current peak summer demands. The agreement does allow for a future second connection between the systems. This project will not increase the amount of CAP water, but instead will increase the reliability and allow for maintenance of the existing system.

To receive the treated CAP water from Phoenix, Cave Creek will need to construct a new interconnect site. The Town will also need to make distribution system improvements to incorporate the new site into the existing system, which are a part of this loan request. Phoenix is currently working to make improvements to their distribution system by early 2024 to allow them to deliver the treated CAP water to Cave Creek.

The proposed interconnect project will include the following scope items:

- 1-million-gallon prestressed concrete reservoir
- Aeration system and mixers for Total Trihalomethanes removal
- Sodium hypochlorite storage and metering for disinfection
- Dual zone booster station for connection to the existing distribution system

- Pre-manufactured electrical building and emergency standby generator
- 8-foot-high wall around the equipment area
- Landscape berms to shield the site from neighboring properties

The project will also remove an existing Pressure Reducing Valve (PRV) site in Cave Creek Road and modify the existing Neary reservoir and booster site. These improvements will allow the town to move treated Phoenix CAP water throughout the entire distribution system.

The combined weighted average life of 1 MG storage tank, onsite piping, valves, reservoir, pumps, motors, and electrical equipment is about 34 years. WIFA staff recommends \$50,000 in technical assistance to perform a Class III pedestrian survey and Environmental Assessment.

## 2.5 Funding Sources and Uses

Uses by Budget Item	WIFA Funding	Local Funding	Other: COVID Relief Funding	Total By Use
Planning		\$422,612		\$422,612
Design & Engineering			\$1,455,431	\$1,455,431
Legal/Debt Authorization				
Financial Advisor			\$50,000	\$50,000
Land/System Acquisition		\$725,000		\$725,000
Equipment/Materials	\$9,240,000		\$444,569	\$9,684,596
Construction/Installation/Improvement	\$3,950,000			\$3,950,000
Inspection & Construction Management		\$400,000		\$400,000
Project Officer				
Administration		\$100,000		\$100,000
Staff Training				
Capitalized Interest				
Other - Contingency				
Total by Source	\$13,190,000	1,647,612	\$1,950,000	
Total for Project				\$16,787,612

Engineering Costs Reasonable?   X   Yes      No      N/A

Construction Costs Reasonable?   X   Yes      No      N/A

### Section 3: Legal Capability

Congressional District(s) 1  
Legislative District(s) 3

Type of Applicant:      Association/Cooperative      Corporation  
     Limited Liability Corporation X Political Subdivision  
     Sole Proprietor      Other

Significant Findings in Legal Structure Review? X No      Yes

Debt Authorized X Yes      No, Scheduled:                                 

Authorized Amount: \$13,190,000

Town Council passed and adopted Resolution No. R2023-06 on March 20, 2023 authorizing the application for a WIFA Drinking Water Revolving Fund loan.

Significant Findings in Debt Authorization Review? X No      Yes

### Section 4: Managerial Capability

#### 4.1 Managerial Review

Is there a history of managerial deficiencies? X No      Yes

By-laws, rate ordinances, and connection ordinances in place? X Yes      No

Does the organization have an established accounting/bookkeeping system? X Yes      No

The Town of Cave Creek uses Caselle software to record, track and report the town's financial transactions and prepare accounting and financial statements.

Are terms of officials staggered? X Yes      No

The town has an elected Council with a Mayor and six (6) Council members. All the officials are elected at large, with no specific council districts. All members of the Town Council (including the Mayor) are elected for 2 year terms.

Is there a history of (or pending) recalls or removals of officials?      No X Yes

On March 10, 2015, the town held a Special Recall Election where four (4) Council members were successfully recalled. There were allegations of fiscal irresponsibility and

lack of transparency, while opposition claimed it unjustified and part of an arrangement. The town has not had a recall election since 2015, nor are any recall actions pending.

Individual responsible for managing the proposed design or construction project:

\_\_\_\_ System Manager    X Officer of the Organization    \_\_\_\_ Other:

Mr. Kreuzwiesner has over 30 years of experience in Civil Engineering, with the last 20 years being specific to the design and construction of utility sites and facilities in the Phoenix metro area.

Project manager experienced in managing similar design or construction projects?

X Yes    \_\_\_\_ No

The town's Utility Director, Mr. Kreuzwiesner, has previously worked at the City of Peoria, he managed the design and construction of several new reservoir and booster sites.

Individual responsible for day-to-day management of the system:

\_\_\_\_ System Manager    \_\_\_\_ Officer of the Organization    X Other:

The Operator(s) of Record are responsible for overseeing the day-to-day operations of the water system.

Day-to-day manager experienced in managing this or similar systems? X Yes    \_\_\_\_ No

Roger Carr has over 31 years of experience in the water utility industry focusing on water treatment and wastewater projects. James Taylor has over 30 years of experience in the operation, maintenance, and management of water and wastewater utilities.

#### **4.2 Potential Management Impacts**

Significant management impacts as the result of the proposed project? X No    \_\_\_\_ Yes

Managerial impact because of any current or past litigation? \_\_\_\_ No    X Yes

In 2018, the Town of Carefree initiated a condemnation procedure to separate the portion of the Cave Creek water system physically located within the Carefree municipal boundary. Per a 2005 Intergovernmental Agreement (IGA), Resolution R2005-24, between the two agencies, in return for supporting Cave Creek in taking over the water operations of the private Cave Creek Water Company, Carefree reserved the right to condemn the portion of the water system within their municipal boundary.

The parties implemented the provision of the IGA requiring arbitration to determine the cost of the system being acquired. The final settlement agreement was executed by both agencies. As part of the agreement both parties agreed to expedite the permitting process and to waive permitting fees in connection with this Phoenix interconnect project. Since

that time, Carefree Water Company has been working to complete the physical separation of the water system. As of February 2023, most of the separation work has been completed.

#### 4.4 Conclusions

Management History: ☒ Stable ☐ Unstable

Management Structure: ☒ Satisfactory ☐ Unsatisfactory

Significant Findings in Managerial Review? ☒ No ☐ Yes

### Section 5: Technical Capability

#### 5.1. Technical Review

Compliance Status: ☒ Significant Compliance ☐ Significant **Non**-Compliance

Recent Inspection: ☒ Significant Compliance ☐ Significant **Non**-Compliance

Operators certified at appropriate level? ☒ Yes ☐ No

Name	Title	Certification Grade	Total Years Experience	Time in Position
Roger Carr	Cave Creek Water Treatment Plan Operator	4C, 4D, 4T, 4W	31 years	1 year
James Taylor	Cave Creek and Desert Hills Water Distribution Operator	2C, 4D, 3T, 2W	30 years	1 year

Description of operating impacts due to project technology?

Currently, all treated water from the town's water treatment plant must pass through the Neary reservoir booster site. To supply the lower pressure zones, water passes through multiple different pressure reducing valves in the distribution system. The new Phoenix Interconnect site will be located in one of the town's lower pressure zones, making it more efficient for the town to supply water to these customers. The site will also be able to push water up into the Neary reservoir/booster site, which can supply all the higher-pressure zones. This project will allow the town to take the water treatment plant and/or CAP pipeline offline for extended periods of time to complete repairs or maintenance.

Additional comments on technical capability? ☒ No ☐ Yes

Significant findings in Technical Review? ☒ No ☐ Yes

## 5.2. Water Supply Adequacy

ADWR Compliance Status: ☒ Significant Compliance ☐ Significant **Non**-Compliance

Significant impact due to water rights adjudication? ☒ No ☐ Yes

Significant findings in Water Supply Review? ☒ No ☐ Yes

## 5.3. Readiness to Proceed

### Project Development Milestones:

Task	Scheduled Date
Planning, Design & Specifications Completion	May 2023
Approval to Construct	June 2023
Advertisement for Bids	December 2022
Construction Commencement	July 2024
Approval of Construction Completion	October 2024
Initiate Operation	October 2024

Licenses/Permits	Date Expected/Approved
Maricopa County Environmental Services Department - OTC Treatment Program	June 2024
Maricopa County Environmental Services Department – OTC Pipeline Work	June 2024
Cave Creek – Building Permit	June 2024
Carefree – Right-of-Way Permit	June 2024

## 5.4. Environmental Review

WIFA anticipates that a Finding of No Significant Impact may be issued after the Environmental Assessment is completed. A 30-day public comment period will then be required prior to loan execution.

## Section 6: Financial Capability *(see Attachments A, B and C for detail)*

**Credit Rating:** N/A:   X   Fitch:            Moody's:            S&P:           

### **Historical Performance (See Attachment B for greater detail):**

To conduct the historical performance analysis of the Cave Creek's Water System (CCWS), WIFA staff reviewed the Annual Comprehensive Financial Reports for fiscal years 2018-2022, FY 2022 year-to-date financial reports, the 2022-2023 approved town budget, an October 2022 Rate Study provided by Willdan Financial Services and financial analysis reports from Columbia Capital Management, LLC., the town's financial advisory firm.

The Town of Cave Creek currently has three WIFA loans outstanding that are secured by a pledge of revenue from the Cave Creek Water System:

- WIFA Loan No. 920120-07A; maturing July 1, 2027
- WIFA Loan No. 920138-08; maturing July 1, 2028
- WIFA Loan No. 920205-11; maturing July 1, 2030

System revenues available to service the pledged outstanding debt exceeded the WIFA required 1.2 times DSC requirement for three of the past five years and the two most recent years exceed the 1.5 times requirement of a level 1 (lowest risk) borrower. As of the most recent year-end (6/30/2022) this figure stood at 2.87 times or more than double WIFA's required coverage. However, WIFA requires a DSC for the last three consecutive years greater than 1.5x to qualify for this lowest security level and because FY 2020 did not meet this requirement, a level 2 security level is appropriate and recommended.

The town proactively hired Willdan Financial Services to conduct a rate study with the goals to develop cost-based rates that will allow the town to meet its ongoing costs (operations & maintenance and capital), meet debt service coverage requirements and focus on conservation. That report recommended several incremental rate increases for the CCWS to achieve and maintain a 1.5x DSC going forward. The Town Council adopted resolution R2022-19 in November 2022 to implement the recommended increases to ensure the sustainability of the water system.

The equity position of the CCWS improved by the end of FY2020 with the forgiveness of preciously advanced monies to the CCWS from the Town of Cave Creek's general fund totaling \$7,020,500. This moved increased CCWS equity position within the capital structure to 56% and further enhanced its financial strength.

The town was not required to perform a Single Audit Report for any of the last three years as the town did not receive \$750,000 or more in Federal Funds/Grants

### **Projected Performance (See Attachment C for greater detail):**

The projected financial performance achieved after factoring in the approved annual rate increases between FY 2023-2027 (8%, 4%, 4%, 3%, 3%, respectively) does result in projected DSC ratios in excess of 1.5x for the entire projected period reviewed. In addition, all current

WIFA loans pledged using CCWS revenues will mature by July 1, 2030 (7 years). As these loans mature additional capacity for new debt will be realized which is expected to further strengthen the balance sheet positions and coverage ratios.

Based on the projected performance, and in accordance with their approved rate design, the town is a candidate for consideration for an upgrade to the level-1 security level at some point in the future once historical and projected coverage test are met. If qualified, it would benefit the town by not requiring a debt service reserve fund (DSRF) on this loan and the potential release of established DSRF for the existing WIFA loans.

The proposed project qualifies for the third tier of additional subsidy funding available to all drinking water construction projects funded by WIFA. Therefore, applying WIFA Procedure III.20.1., staff recommends up to \$1,012,500 in forgivable principal.

## **Section 7: WIFA Staff Recommendations**

### **7.1 Financial Assistance Terms and Conditions *(see Attachment A for greater detail)***

**Financial Assistance Amount:** \$13,190,000 with \$1,012,500 in forgivable principal

**Primary Repayment Source:** Cave Creek Waster System Revenues

**Secondary Repayment Source:** None

**Loan Term:** 30 years

**Frequency of Repayment:**

☒ Semi-Annual    ☐ Monthly    ☐ Other:

**Loan Structure:** Standard Governmental – Level 2

**Debt Service Reserve Fund Requirements:**

☐ WIFA    ☐ Local - *Separate*    ☒ Local – *Not Separate*    ☐ Surety    ☐ None

**Repair and Replacement Fund Requirements:**

☐ Local - *Separate*    ☒ Local – *Not Separate*    ☐ None

**Requirements Prior to Loan Execution:**

**Require Legal Opinion:**    ☒ Yes    ☐ No

**Other:** No Requirement



**Requirements Prior to Construction:** No Requirement

**Requirement during Construction:** No Requirement

**Requirements Prior to Final Disbursements:** No Requirement

**Loan Category:**

☐ Qualified, Pledged      ☒ Qualified, Not Pledged      ☐ Not Qualified

**Policy Exceptions:** None

## 7.2 Technical Terms and Conditions

**Observation Schedule B:**

Observation 1: Upon borrower notification of construction commencement

Additional Observations: at least one site observation within each 12 month period

Final Observation: 80% construction budget disbursement

**Withholdings:**

10% (released after deliverables received) ☒ Yes      ☐ No

**Requirements Prior to Loan Execution:**

The Town of Cave Creek is in the process of completing its Environmental Assessment. WIFA anticipates that a Finding of No Significant Impact may be issued after the Environmental Assessment is completed. A 30-day public comment period will then be required before loan execution.

**Requirements Prior to Construction:**

**Submittal of Construction Bids**      ☒ Yes      ☐ No

**Project Publicity/Signage**      ☒ Yes      ☐ No

**Other:** None

**Requirements during Construction:**

**Prior Review of Changes in Project Scope**      ☒ Yes      ☐ No

**Other:** None

**Requirements Prior to Releasing Withholdings:**

**10% Withholding**

**Require Plan of Operation**      X   Yes           No

**Require Final Approval**      X   Yes           No

**Other:** None

**Policy Exceptions:** None

**7.3 Additional Notice and Reporting Requirements**

**Other:** Wage rate reporting requirements; Use of American Iron and Steel requirements. Build America, Buy America Act requirements (if applicable).

**Town of Cave Creek**  
**Fiscal Impact of WIFA Financial Assistance**

Total Requested.....	<b>\$13,190,000.00</b>
<b>Forgivable Principal.....</b>	<b>\$1,012,500.00</b>
WIFA Funded Amount (Loan Amount to be Repaid).....	<b>\$12,177,500.00</b>
Term.....	<b>30</b>
Combined Interest & Fee Rate	
Interest Rate Index.....	4.00%
Subsidy Rate Index.....	<b>85.00%</b>
Combined Interest & Fee Rate.....	<b>3.400%</b>
Year Principal Repayments Begin	<b>3</b>
Coverage Requirement.....	<b>20.00%</b>
Debt Service Reserve Requirement.....	<b>\$681,119.04</b>
# of Years Debt Service Reserve Funded.....	<b>5</b>
<b>Annual Level Debt Service Payments to WIFA.....</b>	<b>\$681,119.04</b>
<b>Annual Debt Service Reserve Deposit</b>	
Prior to Debt Service Reserve Requirement.....	<b>136,223.81</b>
<b>Annual Replacement Fund Deposit -- Held Locally</b>	
After Debt Service Reserve Requirement.....	<b>136,223.81</b>

**Annual Fiscal Impact**

Year	Annual Debt Service	Reserve Fund Deposit	Replacement Fund Deposit	Total Annual Fiscal Impact
1	414,035.00	136,223.81	0.00	550,258.81
2	414,035.00	136,223.81	0.00	550,258.81
3	681,119.04	136,223.81	0.00	817,342.85
4	681,119.04	136,223.81	0.00	817,342.85
5	681,119.04	136,223.81	0.00	817,342.85
6	681,119.04	0.00	136,223.81	817,342.85
7	681,119.04	0.00	136,223.81	817,342.85
8	681,119.04	0.00	136,223.81	817,342.85
9	681,119.04	0.00	136,223.81	817,342.85
10	681,119.04	0.00	136,223.81	817,342.85
11	681,119.04	0.00	136,223.81	817,342.85
12	681,119.04	0.00	136,223.81	817,342.85
13	681,119.04	0.00	136,223.81	817,342.85
14	681,119.04	0.00	136,223.81	817,342.85
15	681,119.04	0.00	136,223.81	817,342.85
16	681,119.04	0.00	136,223.81	817,342.85
17	681,119.04	0.00	136,223.81	817,342.85
18	681,119.04	0.00	136,223.81	817,342.85
19	681,119.04	0.00	136,223.81	817,342.85
20	681,119.04	0.00	136,223.81	817,342.85
21	681,119.04	0.00	136,223.81	817,342.85
22	681,119.04	0.00	136,223.81	817,342.85
23	681,119.04	0.00	136,223.81	817,342.85
24	681,119.04	0.00	136,223.81	817,342.85
25	681,119.04	0.00	136,223.81	817,342.85
26	681,119.04	0.00	136,223.81	817,342.85
27	681,119.04	0.00	136,223.81	817,342.85
28	681,119.04	0.00	136,223.81	817,342.85
29	681,119.04	0.00	136,223.81	817,342.85
30	681,119.04	0.00	136,223.81	817,342.85
	<b>\$19,899,403.08</b>	<b>\$681,119.04</b>	<b>\$3,405,595.19</b>	<b>\$23,986,117.31</b>

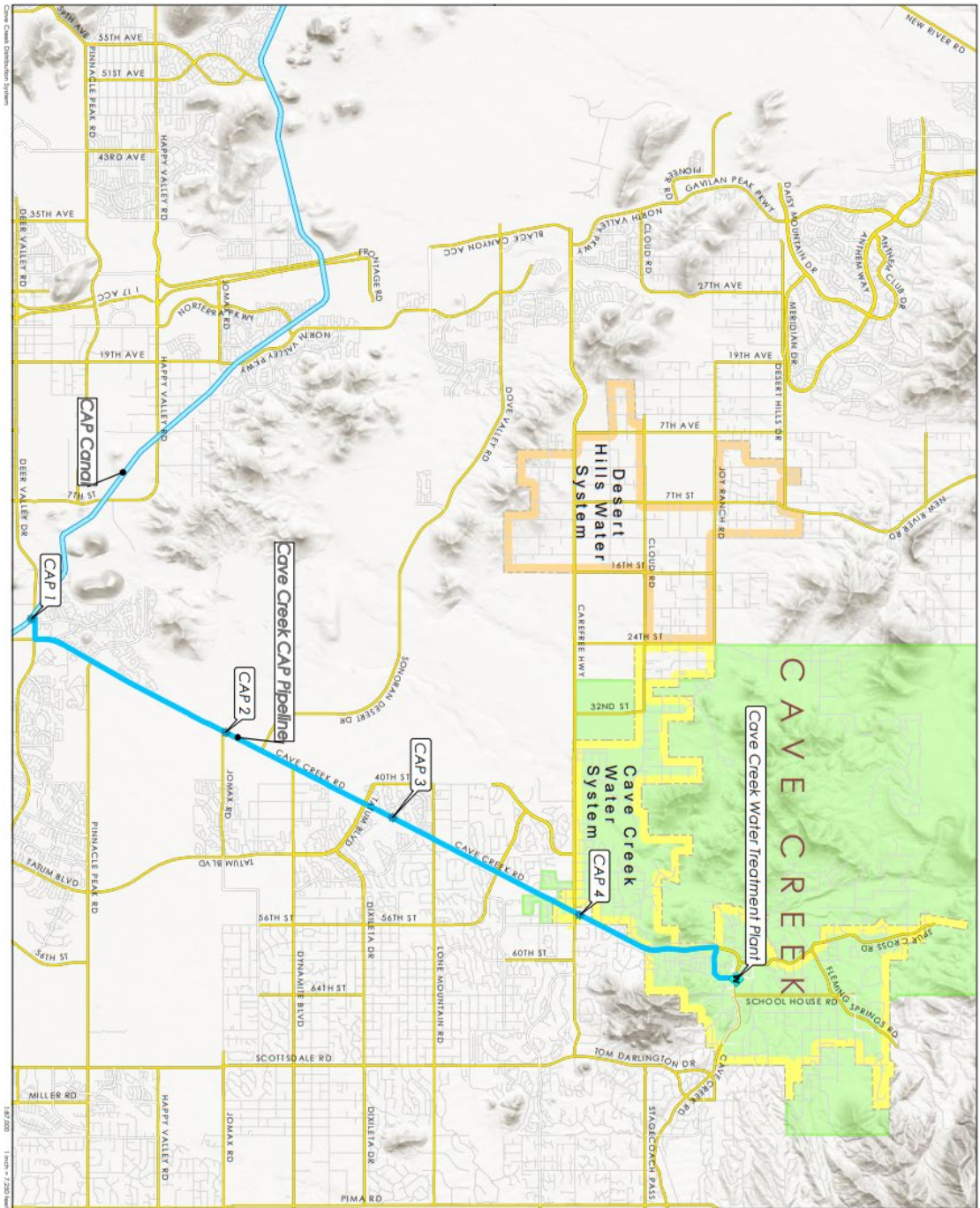
## Town of Cave Creek

	Year over Year % change					
	2018	2019	2020	2021	2022	2022
	Historical	Historical	Historical	Historical	Historical	Historical
<b>Revenues</b>						
Operations	4,696,349	4,551,658	4,745,357	7,127,083	6,633,549	-7%
Other Income	9,943	5,552	2,595	38,991	18,674	-52%
Total Revenues	4,706,292	4,557,210	4,747,952	7,166,074	6,652,223	-7%
<b>Expenses</b>						
Operating Expenditures	2,478,145	3,172,872	3,216,537	3,341,689	3,438,136	3%
Total Expenses	2,478,145	3,172,872	3,216,537	3,341,689	3,438,136	3%
<b>Net Revenues Available for Debt Service</b>	2,228,147	1,384,338	1,531,415	3,824,385	3,214,087	-16%
<b>Prior Debt Service Surcharge</b>	-	-	-	-	-	
<b>Debt Service</b>						
Debt Service	1,322,488	1,321,961	1,321,416	1,320,859	1,320,271	
Total Debt Service	1,322,488	1,321,961	1,321,416	1,320,859	1,320,271	
<b>Revenues after Debt Service</b>	905,659	62,377	209,999	2,503,526	1,893,816	
<b>Current Debt Service Coverage</b>	1.68	1.05	1.16	2.90	2.43	

## Town of Cave Creek

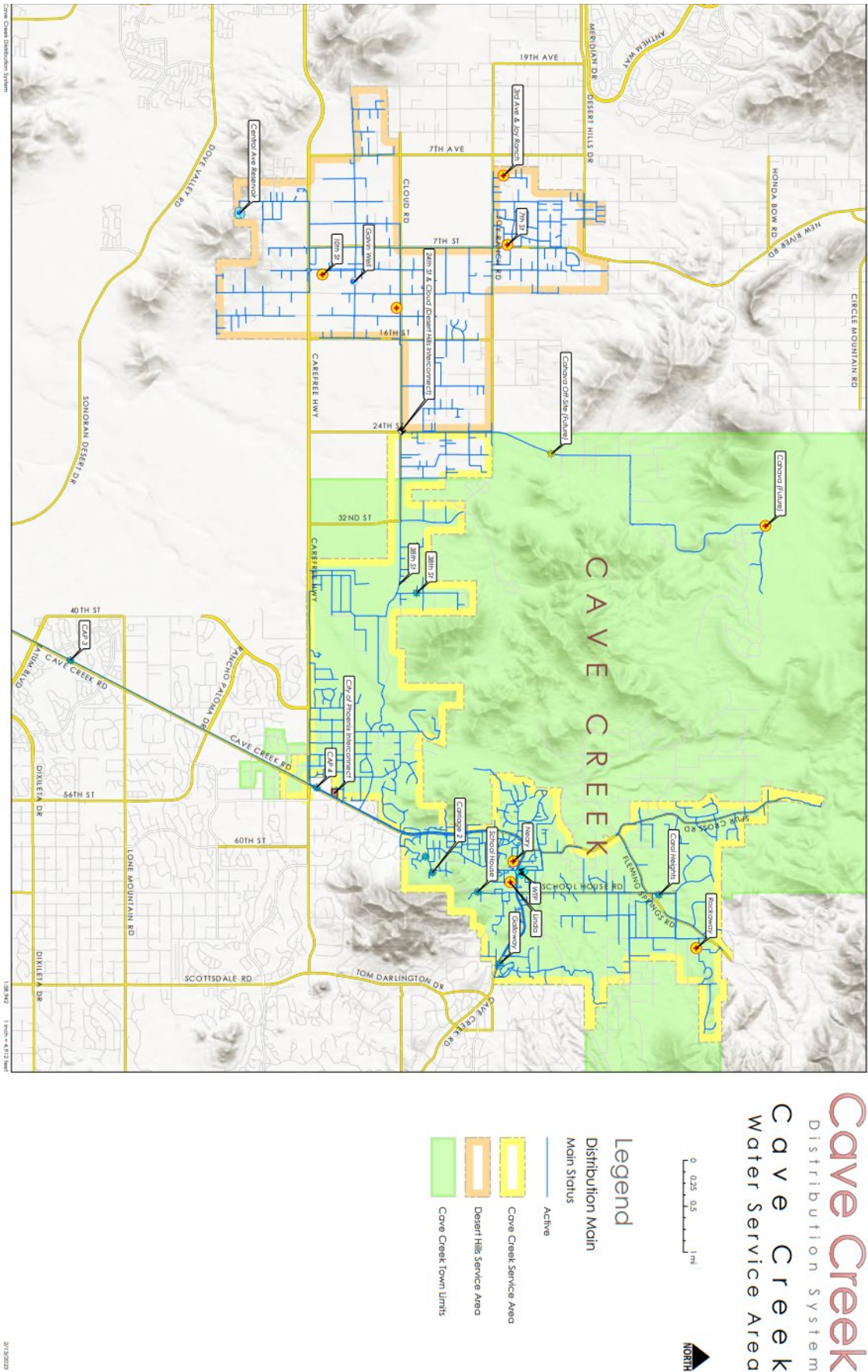
	2023	2024	2025	2026	2027	Year over Year % change				
	Projected	Projected	Projected	Projected	Projected	2023	2024	2025	2026	2027
<b>Revenues</b>										
Operations	6,583,447	6,736,345	7,011,988	7,356,675	7,644,267	-0.76%	2.32%	4.09%	4.92%	3.91%
Other Income	15,151	20,241	25,331	30,421	35,511	-18.87%	33.60%	25.15%	20.09%	16.73%
Total Revenues	6,598,598	6,756,586	7,037,319	7,387,096	7,679,778	-0.81%	2.39%	4.15%	4.97%	3.96%
<b>Expenses</b>										
Operating Expenditures	3,723,800	3,837,635	4,017,161	4,130,337	4,253,615	8.31%	3.06%	4.68%	2.82%	2.98%
Total Expenses	3,723,800	3,837,635	4,017,161	4,130,337	4,253,615	8.31%	3.06%	4.68%	2.82%	2.98%
<b>Net Revenues Available for Debt Service</b>	2,874,798	2,918,951	3,020,158	3,256,759	3,426,163	-10.56%	1.54%	3.47%	7.83%	5.20%
<b>Debt Service Surcharge or Rate Increase</b>	-	-	-	-	-					
<b>Debt Service</b>										
Current Debt Service	1,319,668	1,319,045	1,318,400	1,317,732	1,217,043					
WIFA Proposed Debt Service	414,035	414,035	681,119	681,119	681,119					
Total Debt Service	1,733,703	1,733,080	1,999,519	1,998,851	1,898,162					
<b>Revenues after Debt Service</b>	1,141,095	1,185,871	1,020,639	1,257,908	1,528,001	-39.75%	3.92%	-13.93%	23.25%	21.47%
<b>Projected Debt Service Coverage</b>	1.66	1.68	1.51	1.63	1.80					

## ATTACHMENT D – SERVICE AREA





# ATTACHMENT E – SYSTEM SCHEMATIC



# ATTACHMENT F – COST ESTIMATES

## DW-016-2023 Town Of Cave Creek Water Interconnect with City of Phoenix

50% Design Cost Estimate - Prepared August 2023 by Black & Veatch

Project Element	Description	Land Cost	Construction Cost	Engineering	Element Total
Work and Tasks Completed To-Date					
Land Purchase	Purchase to 3.6 acre site	\$ 725,000			\$ 725,000
Water Treatment and Supply Study	Contract with Black & Veatch to evaluate a new water connection with City of Phoenix - COMPLETE			\$ 149,940	\$ 149,940
30% Design for Improvements	Contract with Black & Veatch to complete 30 % design for Phoenix water connection - COMPLETE			\$ 272,672	\$ 272,672
Subtotal of Completed Work/Tasks		\$ 725,000		\$ 422,612	\$ 1,147,612
Work and Tasks Remaining <sup>1</sup>					
Tank Treatment	Aeration & Chlorination Equipment		\$2,500,000	\$ 250,000	\$ 2,750,000
Transmission & Distribution	New suction, discharge and Zone 4 transmission main piping		\$1,200,000	\$ 105,000	\$ 1,305,000
	New PRV to allow treated Phoenix water to fill the Neary reservoir		\$400,000	\$ 106,000	\$ 506,000
	New duel zone booster station, electrical and chemical systems		\$4,100,000	\$ 954,431	\$ 5,054,431
Storage	1 MG storage tank		\$2,500,000	\$ 40,000	\$ 2,540,000
Allowances & Contingencies	30% Owners Allowances & Contingencies for Construction Cost escalators, unknown work item's and Construction Administration		\$ 2,500,000	\$ 500,000	\$ 3,000,000
Subtotal of Remaining Work/Tasks			\$13,200,000	\$ 1,955,431	\$ 15,155,431
Project Totals		\$ 725,000	\$ 13,200,000	\$ 2,378,043	\$ 16,303,043

### Notes

- Costs are estimates with Class 5 level of accuracy as defined by Associations of the Advancement of Cost Engineering International (AACEI, 2016). Class 5 cost options are generally considered to have an accuracy range between plus 50 to 100 percentage and minimum 20 to 50 percent
- Construction Cost Estimates are values from Jan 20-Aug 22 ENR CCI, adjusted to Phoenix Market



**AGENDA ITEM:**

Recommend Approval of Loan Resolution Addendum – A2023-047 – Town of Camp Verde–  
CWSRF – Request to extend loan maturity date – *Scott Connelly will lead the discussion*

**ACTION REQUIRED:**

Review, Discuss & Recommend Approval

**PREVIOUS ACTION:**

None

**STAFF CONTACT:**

Scott Connelly

**RECOMMENDED DISCUSSION TIME:**

5 Minutes

**ATTACHMENTS:**

- Loan Resolution Addendum – A2023-047 – Town of Camp Verde
- Attachment A – Request to Amend
- Amended Exhibit A
- Attachment B – Projected Performance

**STAFF COMMENTS:**

None

# ***Resolution Addendum A2023-047 Town of Camp Verde***

## ***Water Infrastructure Finance Authority of Arizona***

### **Section 1: Prior Board and Staff Actions**

**Borrower:** Town of Camp Verde  
**Resolution Number:** 2021-021  
**Date of Board Action:** December 16, 2020  
**Loan Agreement Number:** 710191-21  
**Loan Amount:** \$1,200,000.00  
**Combined Interest and Fee Rate:** 1%  
**First Principal Payment:** July 1, 2023  
**Final Principal Payment:** July 1, 2023  
**Payment History:** Not yet started

### **Section 2: Borrower Request**

The Water Infrastructure Finance Authority has received a request from the Town of Camp Verde to lengthen the loan term on their current design loan detailed within Loan Resolution 2021-021 and Loan No.710191-21. Currently, these documents call for full repayment of the \$1.2 million on 7/1/23. They would like to extend that time period to at least 7/1/25, however, 12/31/25 would be preferable.

#### Background

The Town of Camp Verde has run into issues during the process of setting up their Improvement District which was to be the desired mechanism for the construction loan that was to come to WIFA after design was complete. The Town Manager, Russ Martin, who was handling the process has been relieved of his position causing project delays. Upon re-engaging with bond legal counsel, the town has since found the Improvement District creation process has changed from what they initially thought, and it will be almost impossible for them to create the Improvement District as is. The Town missed the opportunity to get legislation passed this year that would enable them to move forward and are getting all items in place to get this passed next year. If passed, it would become effective around August of 2024, giving the town a year to a year-and-a half to create the district and pass the construction loan. Otherwise, they will be forced to find another mechanism for the construction loan repayment.

#### State of Loan Funds

Loan Amount	\$1,200,000.00
Funds Expended to Date	\$ 941,198.60
Anticipated Disbursements	<u>\$ 258,801.40</u>
Anticipated Available Balance	\$ 0.00

#### Analysis

Extending the term of this design loan allows the town to get the necessary Improvement District established through which they plan to run the ultimate construction loan through WIFA that will take out this loan without the undue burden of making a lump sum payment in about three months. Currently the town has received disbursements totaling \$941,198.60 of the total available \$1,200,000. The financial analysis shows that the town will be able to meet the required debt

# ***Resolution Addendum A2023-047 Town of Camp Verde***

## ***Water Infrastructure Finance Authority of Arizona***

service during the requested extended term (see attached Exhibit B: Projected Performance). The town will be required to make \$1,000 annual principal payments every July 1<sup>st</sup> until maturity, or the loan is rolled into the final construction loan. The extension of the term helps the borrower without adding any risk to payback capabilities and staff recommends this action.

### **Section 3: Amendments to Resolution 2021-021 and Loan No. 710191-21**

Amend Loan Resolution No. 2021-021 Section 3 and Loan Agreement No. 710191-21 Exhibit A to show a Loan Term of 5 years (interest only for 3-years and annual principal payments of \$1,000 beginning July 1, 2023. The attached "Amended Exhibit A" will replace "Exhibit A" in Loan Agreement 710191-21.

### **Section 4: Board Action on Resolution Addendum**

WHEREAS, the Water Infrastructure Finance Authority of Arizona (the "*Authority*") has received from Town of Camp Verde a request to modify terms and conditions of Loan Resolution No. 2021-021 and Loan Agreement No. 710191-21.

NOW, THEREFORE BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE AUTHORITY AS FOLLOWS:

The Authority's Director is hereby authorized and directed to amend Loan Resolution No. 710191-21 and Loan Agreement No. 2021-021 in accordance with Section 3 of this Resolution Addendum. Other than requirements amended by this Resolution Addendum, all requirements detailed in Resolution 2021-021 and Loan Agreement 710191-21 remain in effect.

This Resolution Addendum shall take effect immediately.

Dated: May 17, 2023

By: \_\_\_\_\_  
Chairman

Attest: \_\_\_\_\_  
Director

# ***Resolution Addendum A2023-047 Town of Camp Verde***

## ***Water Infrastructure Finance Authority of Arizona***

Attachment A - Request To Amend



### **Town of Camp Verde**

**Gateway to the Verde Valley**

**Finance Department**

♦ 395 S. Main Street ♦ Camp Verde, Arizona 86322 ♦

♦ Telephone: 928.554.0814 ♦ Fax: 928.554.0812 ♦

♦ [www.campverde.az.gov](http://www.campverde.az.gov) ♦

February 16, 2023

WIFA

Attn: Morgan Burgess

100 N. 7<sup>th</sup> Ave., Suite 130

Phoenix, AZ 85007

Re: WIFA Loan #710191-21

Dear Sirs:

We would like to lengthen the loan term on our loan, #710191-21. Currently, it calls for full repayment of the \$1.2 million on 7/1/23. We would like to extend that time period to at least 7/1/25, however, 12/31/25 would be preferable.

We have run into a few issues during the process of setting up our Improvement District which was to be the desired mechanism for the construction loan with this loan rolling up into the construction loan. Our Town Manager, Russ Martin was handling this process and has been relieved of his position. That put us into a stall mode for a bit. Upon re-engaging with our bond legal counsel, we have since found out the Improvement District creation process had changed from what we had thought it to be and would be virtually impossible for us to utilize. We just missed the opportunity to try to get legislation passed this year that would enable us to move forward and are getting all items in place to get this passed next year. If passed, it would become effective around August of 2024, giving us a year to a year-and-a half to create the district and pass the construction loan. Otherwise, we will be forced to find another mechanism for the construction loan repayment.

We thank you for your consideration on this matter. WIFA has been a great asset in our Town's development and we appreciate being able to work with you now and in the future.

Sincerely,

Michael E. Showers  
Finance Director

## AMENDED EXHIBIT A

### Section 1: Financial Assistance Terms and Conditions Town of Camp Verde 07-Apr-23

Loan Number..... 710191-21  
Closing Date..... 01/22/21  
First Payment Period..... 07/01/21

#### Financial Assistance Terms and Conditions

Original Loan Amount as of the Closing Date..... \$ 1,200,000.00  
Loan Amount..... \$ 1,200,000.00  
Loan Term..... 5  
Combined Interest & Fee Rate 1.000%  
Total # of Payment Periods within Loan Term..... 10

*\* Combined Interest and Fee Rate (CIFR) allocation: Fee = 3% ( or CIFR if < 3%); Interest = CIFR minus Fee (zero if ≤ 3%)*

Period Principal Repayments Begin..... 10  
First Principal Repayment Date..... 07/01/25  
Final Principal Repayment Date..... 07/01/25

#### Combined Interest and Fee Payment Dates

First Combined Interest and Fee Payment Date\*..... 07/01/21  
Final Combined Interest and Fee Payment Date..... 07/01/25

*\* Actual initial Combined Interest and Fee payment calculated only on dollar amount drawn against loan as of initial payment date*

#### Debt Service Reserve Fund Requirements

Total Reserve Amount..... None  
Annual Amount..... None  
Reserve Funded by (Date)..... Not Applicable

#### Repair and Replacement Fund Requirement

Begin Funding on (Date)..... Not Applicable  
Annual Amount..... None  
Semi-Annual Deposit..... None

#### Annual Payment

Year 1..... \$ 5,300.00  
Year 2..... \$ 12,000.00  
Year 3..... \$ 13,000.00  
Year 4..... \$ 12,990.00  
Year 5..... \$ 1,209,980.00

**Section 2: Loan Repayment Schedule**  
**Town of Camp Verde**  
**07-Apr-23**

Year Period		Semi-Annual Payment Dates	Combined Interest and Fee Rate	Semi-Annual Combined Interest and Fee Payment	Annual Principal Repayment	Total Annual Payment
1	1	01/01/21	1.000%	0.00		
1	2	07/01/21	1.000%	5,300.00	0.00	5,300.00
2	3	01/01/22	1.000%	6,000.00		
2	4	07/01/22	1.000%	6,000.00	0.00	12,000.00
3	5	01/01/23	1.000%	6,000.00		
3	6	07/01/23	1.000%	6,000.00	1,000.00	13,000.00
4	7	01/01/24	1.000%	5,995.00		
4	8	07/01/24	1.000%	5,995.00	1,000.00	12,990.00
5	9	01/01/25	1.000%	5,990.00		
5	10	07/01/25	1.000%	5,990.00	1,198,000.00	1,209,980.00
				53,270.00	1,200,000.00	1,253,270.00

# Resolution Addendum A2023-047 Town of Camp Verde

## Water Infrastructure Finance Authority of Arizona

### Attachment B - Projected Performance

Town of Camp Verde										
	2023	2024	2025	2026	2027	2023	2024	2025	2026	2027
	Projected	Projected	Projected	Projected	Projected	%	%	%	%	%
Revenues										
Operations	2,054,733	2,136,923	2,222,400	2,311,296	2,403,747	1.08%	4.00%	4.00%	4.00%	4.00%
Other Income	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A
Interest Income	1,200	1,248	1,298	1,350	1,404	636.20%	4.00%	4.00%	4.00%	4.00%
Total Revenues	2,055,933	2,138,171	2,223,697	2,312,645	2,405,151	1.14%	4.00%	4.00%	4.00%	4.00%
Expenses										
Operating Expenditures	1,148,185	1,217,076	1,290,101	1,367,507	1,449,557	18.51%	6.00%	6.00%	6.00%	6.00%
Maintenance Expenditures	175,000	185,500	196,630	208,428	220,933	-42.38%	6.00%	6.00%	6.00%	6.00%
Other Expenditures (Leases)	113,120	56,560	-	-	-	82.56%	-50.00%	-100.00%	N/A	N/A
Total Expenses	1,436,305	1,459,136	1,486,731	1,575,935	1,670,491	7.62%	1.59%	1.89%	6.00%	6.00%
Net Revenues Available for Debt Service	619,628	679,035	736,967	736,711	734,661	-11.26%	9.59%	8.53%	-0.03%	-0.28%
Debt Service Surcharge or Rate Increase										
Debt Service										
Current Debt Service	136,648	134,243	134,243	134,243	134,243					
WIFA Proposed Debt Service	13,000	12,990	12,980	85,054	85,054					
Total Debt Service	149,648	147,233	147,223	219,297	219,297					
Revenues after Debt Service	469,980	531,801	589,743	517,414	515,364	-18.99%	13.15%	10.90%	-12.26%	-0.40%
Projected Debt Service Coverage	4.14	4.61	5.01	3.36	3.35					

**AGENDA ITEM:**

Recommend Approval of Loan Resolution Addendum – A2023-048 – Pomerene Domestic Water Improvement District – DWSRF – Request to expand the project scope of work – *Scott Connelly will lead the discussion*

**ACTION REQUIRED:**

Review, Discuss & Recommend Approval

**PREVIOUS ACTION:**

None

**STAFF CONTACT:**

Scott Connelly

**RECOMMENDED DISCUSSION TIME:**

5 Minutes

**ATTACHMENTS:**

- Loan Resolution Addendum – A2023-048 – Pomerene Domestic Water Improvement District
- Attachment A – Request to Amend
- Attachment B – Cost Estimate
- Attachment C – Service Area
- Attachment D – Fiscal Impact
- Attachment E – Projections

**STAFF COMMENTS:**

None



# ***Resolution Addendum A2023-048***

## ***Water Infrastructure Finance Authority of Arizona***

### **Section 1: Prior Board and Staff Actions**

**Borrower:** Pomerene Domestic Water Improvement District

**Resolution Number:** 2023-017

**Date of Board Action:** October 20, 2022

**Loan Agreement Number:** 920359-23

**Loan Amount:** \$800,000 with \$442,500 in forgivable principal

**Combined Interest and Fee Rate:** 2.958%

**First Principal Payment:** July 1, 2023

**Final Principal Payment:** December 1, 2052

**Payment History:** Not Started

### **Section 2: Borrower Request**

The Water Infrastructure Finance Authority of Arizona (WIFA) has received a request from the Pomerene Domestic Water Improvement District (PDWID) to expand the scope of work detailed within Loan Resolution No. 2023-017 and Loan No. 920359-23. Pomerene is close to completion of the original project scope and identified additional related needs that fit within the approved budget. The additional improvements for the water system will increase accuracy and redundancy of the water system, and include the following:

1. The purchase and installation of structure for secured storage, equipment, and vehicle parking as well as building permit and inspection.
2. The purchase and installation of updated meters along the current construction (already begun the purchase and installation of Badger Ultrasonic meters with Cellular endpoints).

#### Background

Pomerene DWID received a WIFA loan to replace their outdated and deteriorating waterlines made of 6-inch PVC to mitigate water loss and connect an existing well site. This project is close to completion. Construction activities will include a new building to securely store water system storage and equipment. In addition, new Badger Ultrasonic meters with Cellular endpoints will be installed to create redundancy.

Pomerene DWID requests that WIFA approve widening the project scope for Loan No. 920359-23 to include secured storage, equipment, & vehicle parking and updated meters along the current construction.

#### State of Existing Loan Funds

Loan Amount	\$800,000.00
Funds Expended to Date	\$546,049.38
Funds Remaining	\$253,950.62
New Projects	\$91,200.00
<hr/>	
Balance Remaining after New Projects	\$162,750

# ***Resolution Addendum A2023-048***

## ***Water Infrastructure Finance Authority of Arizona***

### **Section 3: Amendments to Resolution No. 2023-017 and Loan No. 920359-23**

Amend Loan Resolution No. 2023-017 and Loan Agreement No. 920359-23 to add an additional project to the scope of work. Section 2.3 of the loan resolution and Exhibit B Section 2 of the loan agreement will be amended to read as follows:

This loan will fund the replacement of 1.2 miles of aged water line infrastructure with new c-900 PVC pipe, installation of isolation valves, installation of fire hydrants, and new pipe to connect to Well No. 6 to provide needed redundancy in the DWID's water supply. *It will also fund the purchase and installation of a structure for secured storage, equipment, and vehicle parking, and updated meters along the current construction area.*

### **Section 4: Board Action on Resolution Addendum**

WHEREAS, the Water Infrastructure Finance Authority of Arizona (the "*Authority*") has received from Pomerene Domestic Water Improvement District a request to modify terms and conditions of Loan Resolution No. 2023-017 and Loan Agreement No. 920359-23.

NOW, THEREFORE BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE AUTHORITY AS FOLLOWS:

The Authority's Director is hereby authorized and directed to amend Loan Resolution No. 2023-017 and Loan Agreement No. 920359-23 in accordance with Section 3 of this Resolution Addendum. Other than requirements amended by this Resolution Addendum, all requirements detailed in Resolution No. 2023-017 and Loan Agreement No. 920359-23 remain in effect.

This Resolution Addendum shall take effect immediately.

Dated: May17, 2023

By: \_\_\_\_\_  
Chairman

Attest: \_\_\_\_\_  
Director

# ***Resolution Addendum A2023-048***

## ***Water Infrastructure Finance Authority of Arizona***

**Attachment A – Request to Amend**  
**POMERENE DOMESTIC WATER**  
PO Box 265, Pomerene, AZ 85627  
520-586-2987

15 Mar 23

Mr. Michael Vidaure  
Water Infrastructure Finance Authority of Arizona  
100 North 7<sup>th</sup> Avenue, Suite 130  
Phoenix, AZ 85007

RE: Amendment Loan Agreement for Pomerene DWID

Dear Mr. Vidaure,

Here are the documents you requested for the change of scope of our construction loan with WIFA.

The additions to the scope of work are:

1. Purchase and installation of structure for secured storage and equipment and vehicle parking as well as building permit and inspection.
2. Purchase and installation of updated meters along the current construction. (we had already begun the purchase and installation of Badger Ultrasonic meters with Cellular endpoints).

The additional project elements will not result in a cost increase of the original project. If you have any question please contact me at 520-586-2987.

Sincerely,

  
James K. Allred, District Manager

1399 N. Old Pomerene Rd  
pomerenewater@gmail.com

***Resolution Addendum A2023-048***  
***Water Infrastructure Finance Authority of Arizona***

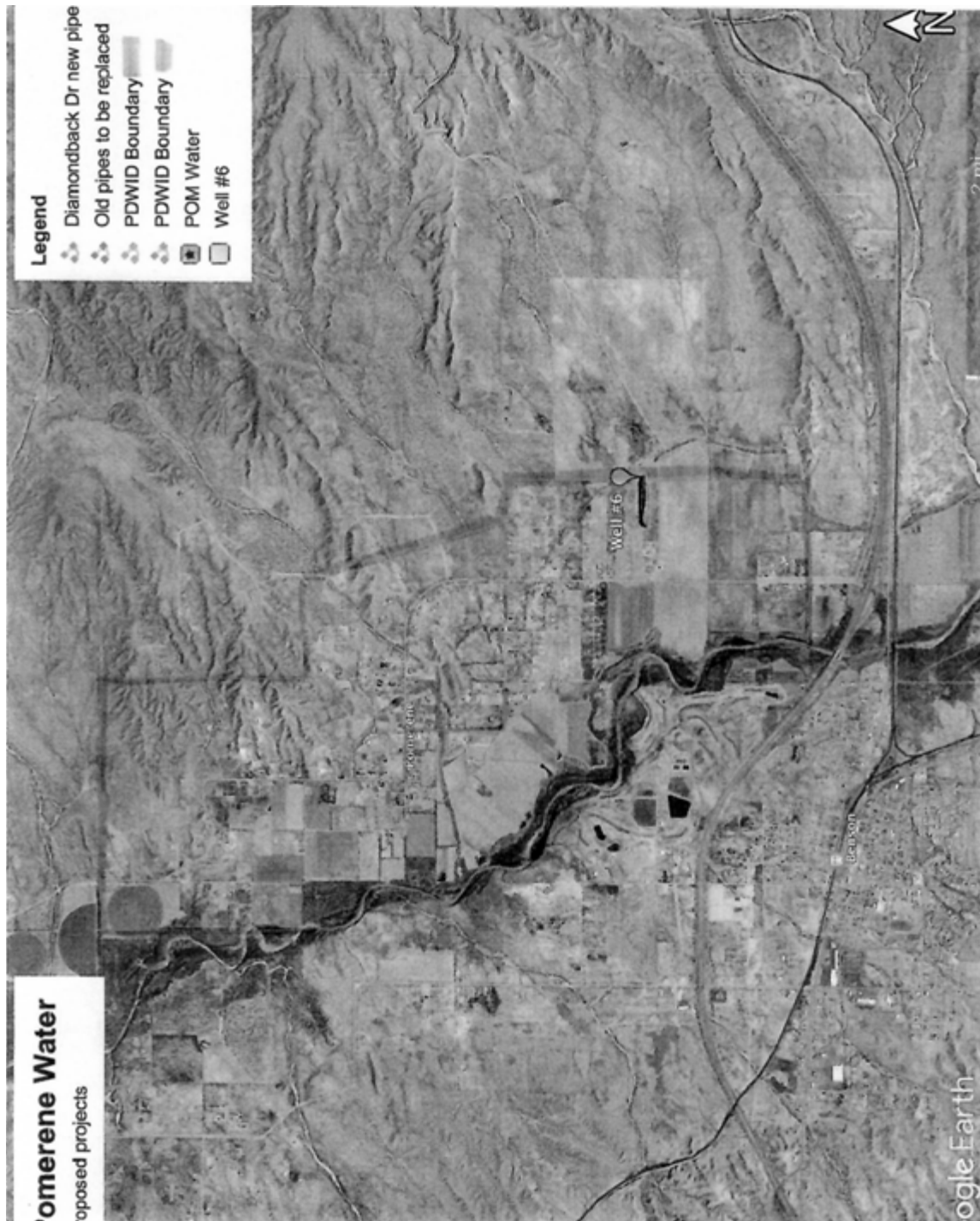
**Attachment B – Cost Estimate**

<b>Additional Item</b>	<b>Cost</b>
1. Structure for storage, equipment, vehicle parking	\$78,000
2. Badger Ultrasonic meters with endpoints	\$13,200

# ***Resolution Addendum A2023-048***

## ***Water Infrastructure Finance Authority of Arizona***

### **Attachment C – Service Area**



# ***Resolution Addendum A2023-048***

## ***Water Infrastructure Finance Authority of Arizona***

### **Attachment D – Fiscal Impact**

#### **Pomerene Domestic Water Improvement District**

#### **Fiscal Impact of WIFA Financial Assistance**

Total Requested.....	<b>\$800,000.00</b>
<b>Forgivable Principal.....</b>	<b>\$442,500.00</b>
WIFA Funded Amount (Loan Amount to be Repaid).....	<b>\$357,500.00</b>
Term.....	<b>30</b>
Combined Interest & Fee Rate	
Interest Rate Index.....	4.00%
Subsidy Rate Index.....	85.00%
Combined Interest & Fee Rate.....	<b>3.400%</b>
Year Principal Repayments Begin	<b>2</b>
Coverage Requirement.....	<b>20.00%</b>
Debt Service Reserve Requirement.....	<b>\$19,580.57</b>
# of Years Debt Service Reserve Funded.....	<b>5</b>
 <b>Annual Level Debt Service Payments to WIFA.....</b>	 <b>\$19,580.57</b>
 <b>Annual Debt Service Reserve Deposit</b>	
Prior to Debt Service Reserve Requirement.....	3,916.11
 <b>Annual Replacement Fund Deposit -- Held Locally</b>	
After Debt Service Reserve Requirement.....	3,916.11

#### **Annual Fiscal Impact**

Year	Annual Debt Service	Reserve Fund Deposit	Replacement Fund Deposit	Total Annual Fiscal Impact
1	12,155.00	3,916.11	0.00	16,071.11
2	19,580.57	3,916.11	0.00	23,496.68
3	19,580.57	3,916.11	0.00	23,496.68
4	19,580.57	3,916.11	0.00	23,496.68
5	19,580.57	3,916.11	0.00	23,496.68
6	19,580.57	0.00	3,916.11	23,496.68
7	19,580.57	0.00	3,916.11	23,496.68
8	19,580.57	0.00	3,916.11	23,496.68
9	19,580.57	0.00	3,916.11	23,496.68
10	19,580.57	0.00	3,916.11	23,496.68
11	19,580.57	0.00	3,916.11	23,496.68
12	19,580.57	0.00	3,916.11	23,496.68
13	19,580.57	0.00	3,916.11	23,496.68
14	19,580.57	0.00	3,916.11	23,496.68
15	19,580.57	0.00	3,916.11	23,496.68
16	19,580.57	0.00	3,916.11	23,496.68
17	19,580.57	0.00	3,916.11	23,496.68
18	19,580.57	0.00	3,916.11	23,496.68
19	19,580.57	0.00	3,916.11	23,496.68
20	19,580.57	0.00	3,916.11	23,496.68
21	19,580.57	0.00	3,916.11	23,496.68
22	19,580.57	0.00	3,916.11	23,496.68
23	19,580.57	0.00	3,916.11	23,496.68
24	19,580.57	0.00	3,916.11	23,496.68
25	19,580.57	0.00	3,916.11	23,496.68
26	19,580.57	0.00	3,916.11	23,496.68
27	19,580.57	0.00	3,916.11	23,496.68
28	19,580.57	0.00	3,916.11	23,496.68
29	19,580.57	0.00	3,916.11	23,496.68
30	19,580.57	0.00	3,916.11	23,496.68
	<b>\$579,991.46</b>	<b>\$19,580.57</b>	<b>\$97,902.84</b>	<b>\$697,474.86</b>

# Resolution Addendum A2023-048

## Water Infrastructure Finance Authority of Arizona

### Attachment E – Projections

Pomerene Domestic Water Improvement District										
	2023	2024	2025	2026	2027	2023	2024	2025	2026	2027
	Projected	Projected	Projected	Projected	Projected	%	%	%	%	%
Revenues										
Operations	220,406	224,814	229,311	233,897	238,575	2.00%	2.00%	2.00%	2.00%	2.00%
Other Income	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A
Interest Income	97	97	97	97	97	0.00%	0.00%	0.00%	0.00%	0.00%
Total Revenues	220,503	224,911	229,407	233,993	238,671	2.00%	2.00%	2.00%	2.00%	2.00%
Expenses										
Operating Expenditures	186,530	193,692	201,140	208,884	216,939	3.83%	3.84%	3.85%	3.85%	3.86%
Maintenance Expenditures	24,914	26,409	27,993	29,673	31,453	6.00%	6.00%	6.00%	6.00%	6.00%
Other Expenditures	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A
Total Expenses	211,444	220,101	229,133	238,557	248,392	4.08%	4.09%	4.10%	4.11%	4.12%
Net Revenues Available for Debt Service	9,059	4,810	274	(4,564)	(9,721)	-30.51%	-46.90%	-94.30%	-1763.48%	112.99%
Planned Rate Increase (10/2022)										
	33,768	51,408	52,436	53,485	54,555					
Debt Service										
Current Debt Service	16,056	16,056	16,056	16,056	16,056					
WIFA Proposed Debt Service	12,155	19,581	19,581	19,581	19,581					
Total Debt Service	28,211	35,637	35,637	35,637	35,637					
Revenues after Debt Service	14,616	20,582	17,074	13,285	9,197	-414.96%	40.82%	-17.04%	-22.19%	-30.77%
Projected Debt Service Coverage	1.52	1.58	1.48	1.37	1.26					

**AGENDA ITEM:**

Call to the Public

**ACTION REQUIRED:**

None

**PREVIOUS ACTION:**

None

**STAFF CONTACT:**

Yolanda Mendoza

**RECOMMENDED DISCUSSION TIME:**

5 Minutes

**ATTACHMENTS:**

None

**STAFF COMMENTS:**

None



**AGENDA ITEM:**

New Business/Issues:

- Next Federal Programs Committee Meeting Date – Wednesday June 21, 2023, in Phoenix, AZ

**ACTION REQUIRED:**

Information & Discussion

**PREVIOUS ACTION:**

None

**STAFF CONTACT:**

Yolanda Mendoza

**ATTACHMENTS:**

None

**AGENDA ITEM:**

Adjournment

**ACTION REQUIRED:**

Adjournment of Meeting

**PREVIOUS ACTION:**

None

**STAFF CONTACT:**

None

**ATTACHMENTS:**

None

**STAFF COMMENTS:**

None